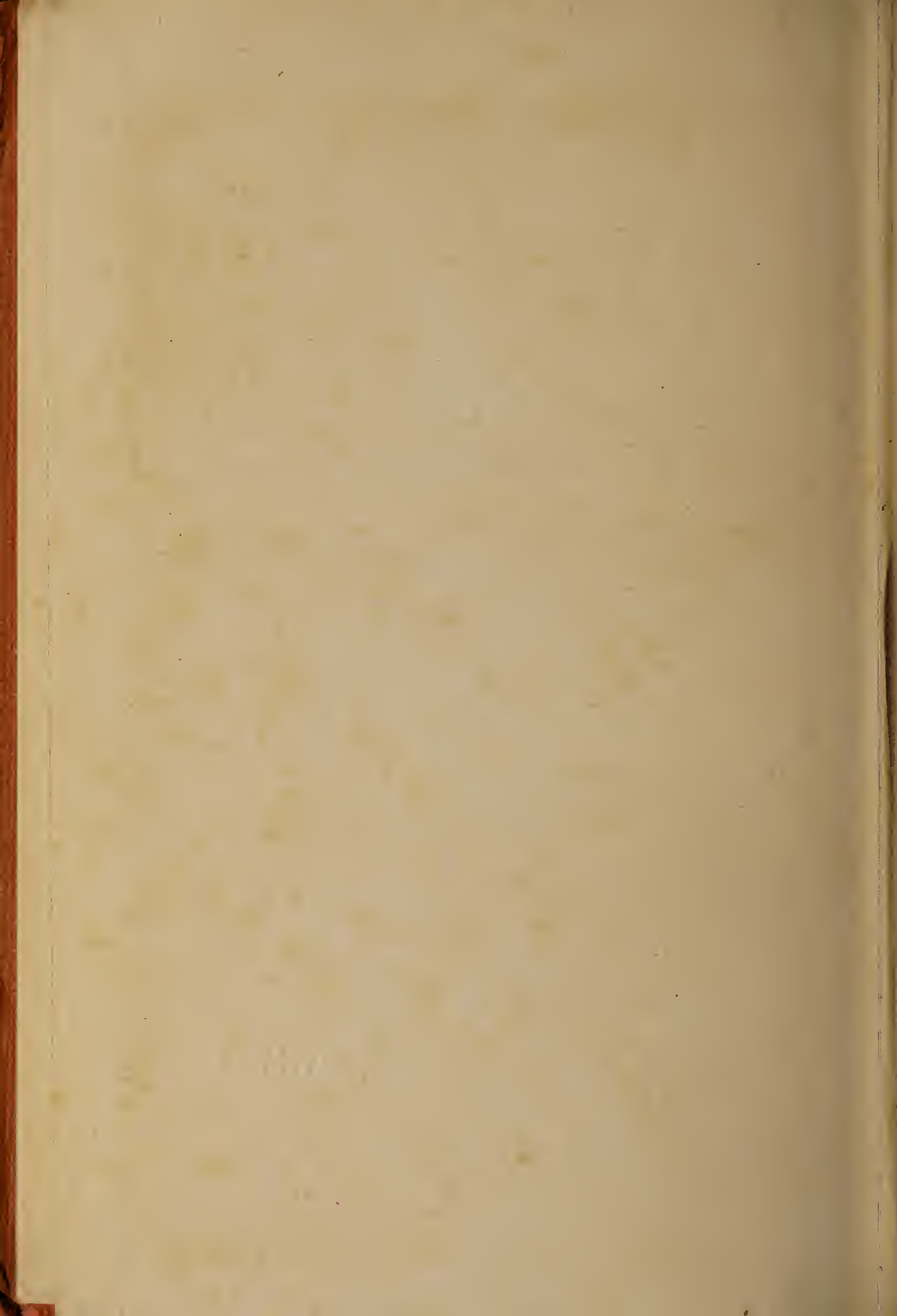


TOWARDS A NEW
SOCIAL ORDER

A. SCHVAN



TOWARDS A NEW
SOCIAL ORDER

HY
632
538
1922

*From the
Library of
the
Boston College*

320530

BOSTON COLLEGE LIBRARY
CHESTNUT HILL, MASS.

SEP 21 1922

PREFACE

A FRIEND has characterized the ideas developed in the following pages as being both reactionary and Socialistic. Though the author does not deny that these terms often are identical, he objects to this criticism. He is only willing to admit that he shares the Socialists' hatred against existing injustices, while being frankly reactionary in his contempt for the remedies proposed by all so-called progressive parties.

The cure for the existing evils which he propounds will, however, run the risk of being called Utopian. But he submits that this objection can only be based on a prejudicial unwillingness to spread the knowledge of the facts which he states. These, he maintains, are uncontrovertible, and in themselves easily acceptable to that human nature which is always advanced as a reason for leaving things as they are when any reform happens to endanger privileges and attitudes that have been unchallenged so long that they seem to have become a part of the natural order.

Towards a New Social Order

The unbiassed readers in the British Isles may also derive some encouragement from hearing that this opinion is shared by the many thousands of men and women who already adhere to the ideas of the author in the country whence English civilization has derived its main characteristics. Amongst them are a great number of the most prominent preachers of the Danish Church, who firmly believe that it would pay mankind to practise the moral teachings of Christianity both in politics and economics, and hence have become leaders in a movement which aims at nothing less than the establishment of the Realm of Justice upon the earth. "But this," as one of them put it to his congregation after a lecture delivered by the author, "can only be erected by action which is the only prayer the language of which is understood in heaven."

On the earth words seem to rule and turn both the heads and hearts of men. "The task that is always with us is to make better provision for the toilers who produce wealth," says Mr. Lloyd George, and the whole audience applauds this truly Prussian view of the man who must bear the main responsibility for the Treaty of Versailles and all its disastrous consequences!

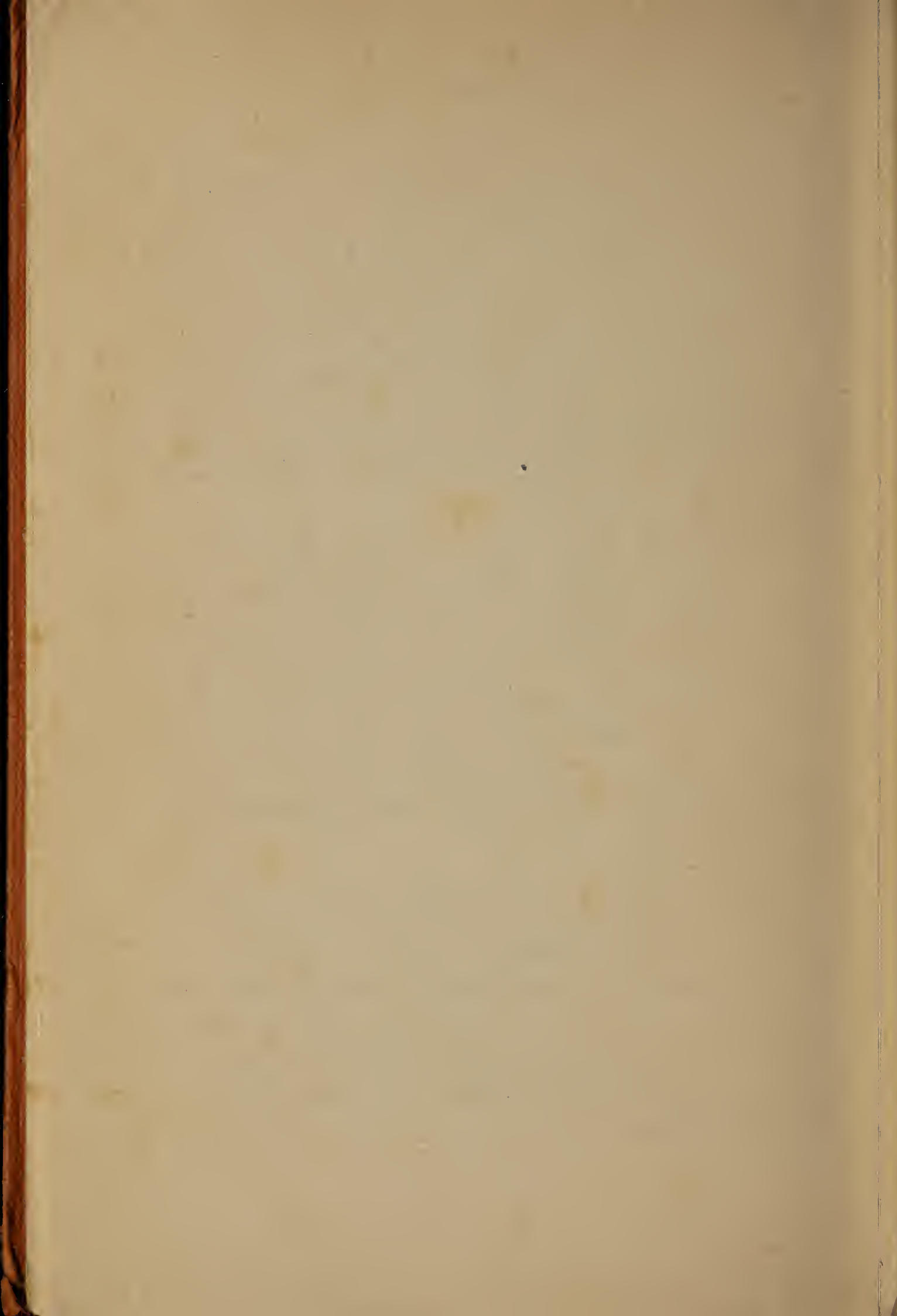
Would it not be more in accordance both with Christianity and Reason to enable these toilers, these producers of wealth, to obtain and keep the full

Preface

fruits of their labour? Would they not then be in a position to make better provision for themselves than any politician could ever do? To put this question is to answer it. Yet neither the British Prime Minister nor any of his colleagues at home or abroad dares to look at things in so simple a manner. If they did, political idolatry would be overthrown. The unctuous humbug that surrounds their names and deeds would stand revealed to the world. They themselves would appear as the greatest impostors and charlatans of all times.

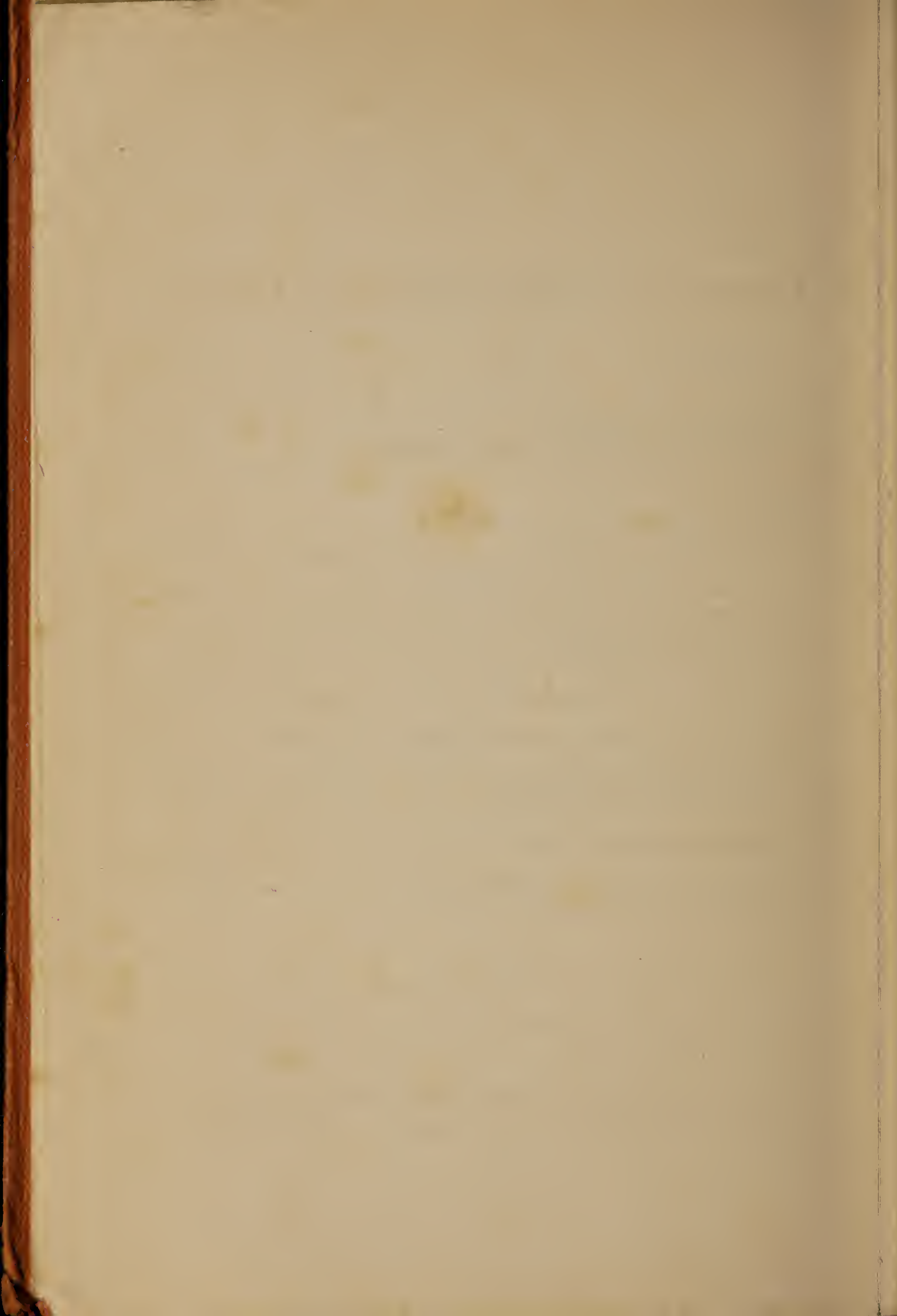
But then the many, many millions whom they have killed or ruined would not have suffered in vain. Liberty, Right and Justice would be secured for the living and for the coming generations for whose welfare the politicians pretend to be so anxious, while they burden them with debts that establish the tyranny of the State—that is to say, of the politicians—over the individual on a seemingly unshakable basis.

To throw platitudes into the greedy fangs of such political effrontery is not the object of the author. He has not the slightest desire to emulate the honoured names of the respected writers on political social, economic or moral questions. He wants to show how the political machine may be destroyed, and how thus the whole species to whom he belongs may be set free!



CONTENTS

	PAGE
PREFACE	5
CHAPTER	
I. THE OLD STATE	II
II. THE NEW STATE	21
III. THE GREAT CHANGE	31
IV. NO PROFITS WITHOUT WORK	39
V. A TRUE CURRENCY	50
VI. THE LEVY ON WEALTH	64
VII. THE ELIMINATION OF FOREIGN POLITICS	79
VIII. VOLUNTARY EDUCATION	89
IX. PUBLIC EXPENDITURE	99
X. THE POLITICAL ORGANIZATION	118



Towards a New Social Order

I

THE OLD STATE

AT all ages complaints against the existing order of things must have been raised. Otherwise there would have been no changes, no history; and there is no reason for presuming that such complaints at any time were limited to certain parts of the earth, while the others were living in a perfect bliss of contentment. The real difference between the present situation of the world and the past is that the very same complaints are for the first time in history raised over the whole surface of the globe, and that everywhere all possible systems of government have already been tried and found equally wanting.

The shibboleth of the nineteenth century, Democracy, has been the worst failure of all. Popular representation, created for the purpose of protecting the citizens from the tax-gatherers of the kings, has in turn put men into power who rob their fellow-

Towards a New Social Order

beings in a way never attempted by any autocrat. Parliaments do not play this dirty trick themselves. But they have handed over all their rights to a score of party leaders, the choice of whom the political machine imposes on the electorate. When a party wins the election these leaders form the Cabinet. The leaders become heads of the Government departments, though as a rule they do not know more about their working than a schoolboy.

They thus fall an easy prey to the machinations of the permanent officials who, in spite of their proud title of public servants, are not devoid of ordinary human frailties, and therefore are prone to put their own personal interests, and those of the class to which they belong, before every other consideration. Though the opposite would make them angels, tradition has taught them to hide this perfectly natural selfishness under the sacred name of the country, and behold the power of words has become so great that every respectable citizen is inclined to believe in the profound honesty and disinterestedness of the bureaucracy. He ceases, indeed, to be respectable when he allows himself to express doubts about it.

Dependent as ministers are upon the goodwill of the permanent staff of their departments, they are still more bound by the promises which they have made in order to catch the votes which alone can

The Old State

bring them into office. To be able to fulfil them they must bargain with the permanent experts, who naturally object to all changes that do not create new sinecures, and sometimes even to those which merely disturb their habits. The Bills resulting from this bargaining are brought before Parliament, and most of them are *a priori* bound to receive the assent of this august assembly.

A revolt from the rank and file of the members of the party which happens to possess the majority is unthinkable. It would amount to a disavowal of the leaders, who are the very ministers who bring in the Bills. Such a proceeding would ruin the prospects of the party, make costly and irksome electioneering efforts inevitable, and very likely end by giving the other fellows a chance to get in, and in their turn enjoy the sweets of power.

The Cabinets, therefore, rule more absolutely by the Grace of God than any sovereign. Its members no longer feel, think or act as the chosen representatives of the people. They have become their masters. The private citizen is reduced to a very unimportant cog in the ever-increasing machinery of government, for the sake of which the whole world exists. So-called popular government has turned out to be a great lie, and nothing illustrates the fraudulent character of the whole business better than the urbanity with which it is carried on. Men who inside and outside

Towards a New Social Order

of Parliament accuse each other of being the cause of the ruin and misery of the whole country meet afterwards on the best of terms. Nay, they are often close personal friends. Their invectives are only meant for the galleries. There is no sincerity behind them. The lie is the most important factor in public life. The chief actors have become life members of a club, where high salaries rotate among a certain gang, and there are countries where even those who are not in office live from the public purse, receiving salaries as leaders of His Majesty's (the electorate) Opposition.

This enchanting picture the Governments of the world are busy putting into a new frame. They are tightening the ties that bind them together in the most powerful international trades union ever dreamt of by a social dreamer—that of Governments. The League of Nations is a case in point. But it carries so many poisonous germs within its decrepit body that there is really no need to bother about it. Far worse is the menace to mankind which comes from governmental agreements concluded outside the Hotel National in Geneva. Amongst these agreements that seem to increase in number the louder the men who make them talk about free peoples, the most astonishing, and, at the same time, most indefensible, are surely those entered into with the object of preventing any taxpayer from escaping

The Old State

from the voracious grip of his home Government by placing part of his savings abroad. Can any better illustration be given to prove that the real struggle of to-day is governments *versus* the peoples?

To get as much as possible from their beloved subjects, for whose welfare they profess to be so full of anxiety, is indeed the primary business of all Governments. This has, it is true, established a kind of world-citizenship. But it is a world-citizenship with a vengeance, which must end by making all subjects see that a real world-citizenship can only be realized by the complete overthrow of the existing system of government.

The difficulties ahead do not proceed from the truth of the current belief that man is bad. On the contrary, they come from the fact that he is too good. The vast majority of men are really so honest that they believe in all humanitarian ideals which serve as a beautiful screen for the unforgivable trickery that the bad men behind it play on the honesty of those who do not belong to the governmental circle. The charity which they practise—with the money of the taxpayers—receives the approval of the majority of mankind because it is charity, and because the necessity for it is so obvious! It is, indeed, such a pressing necessity that most men are unable to see that it would be far better to right the injustices which make charity necessary.

Towards a New Social Order

But like all human fallacies, the exercise of charity with other people's money can only be continued for a certain time. When it oversteps all measure, the fleeced sheep will try to escape, and many signs point to the conclusion that this stage has already been reached. The very number of remedies proposed proves that general revolt against the present misgovernment is approaching. The fallacies of yore are exposed. The artificial distinction between direct and indirect taxation, so dear to the Victorian era, is beginning to appear in its true character. Though the masses may still be hoodwinked by Gladstonian phrases, the pressure of facts is too persistent to be ignored any longer. The amount of the direct taxes figures in the balance sheets of commercial and industrial undertakings, and has to be covered by a corresponding increase of the prices asked for goods and services. The direct taxes are paid by the consumers just as much as the indirect. In other words, the direct taxation put upon the wealthy is in the end paid by the poor, who constitute the major portion of the consumers. There is no real difference between the two kinds of taxation except in the degree of immorality. There the indirect taxes still hold the field. They prevent most taxpayers from clearly perceiving to what extent they are being robbed by their Governments or by the protected industries.

The Old State

In the long run, all kinds of taxation are equally ruinous to prosperity, and must eventually lead to Communism. As there is no possible limit to taxation, the necessity for filling the public exchequer and its needs can be stretched *ad infinitum* at the pleasure of the majority. Taxation is bound to end by establishing the idea that the State owns everything. Who can deny that this is just what is actually happening?

Those who are not aware of it live in a fool's paradise that, indeed, is full of strange events, the import of which only a few seers understand. One is the German Socialist leader Kautsky, who in 1903 wrote that the social revolution would in reality be accomplished from the day that the community could be induced to support the unemployed.

But great as this change is, it merely adds a new category to those who are able to consume without producing anything, a cynic may retort. Such a person has no sense of proportion. The new category added to the non-producers is infinitely more numerous than the others. It has far less diversified needs than the idle rich, and its wants will therefore not result in the creation of fresh employment, but in the curtailment of the net income of those who already carry the burden of the production of the necessities of life. The strain thrown upon the latter will therefore become unbearable. A revolution

Towards a New Social Order

must take place, and it must primarily be directed towards obtaining control of the land and other natural resources.

To avert this revolution by political trickery is neither possible nor desirable. But unless we are prepared to see the chaos produced in Russia by the criminal stupidity of a few narrow-minded theorists extend over the whole earth, the old gods must be scrapped and new idols be put in their places, as mankind apparently cannot live without worship of one kind or another. Might must be replaced by Right.

Maybe the existing political institutions have been necessary to the development of the material side of what is commonly called civilization. Maybe the exploration and linking together of the different parts of the earth which constitute the foundation of this part of civilization would have been impossible without a State based on Might. Maybe the presumption of the so-called collective interests, however arbitrarily they have been interpreted, has been necessary in order to call forth a forced co-operation when a voluntary was, as yet, impossible of attainment. It is useless to deny this. Nobody can tell what might have happened had circumstances been otherwise. The past cannot be undone.

But one thing is as obvious as it is in the natural order. The current conception of the State has become an evil of the first magnitude. The State

The Old State

must share the fate of all instruments whose usefulness ceases when they have served a certain purpose. It must be discarded for new tools which suit the changed conditions better. The State which mankind has hitherto known was based on the right to self-determination eminently adapted for penetration beyond unknown territories, and with an inherent tendency to expansion. But in a world where these tendencies have ended by making all States coterminous and thus cemented the interdependence of the whole globe, the right to self-determination involves a positive danger to what is called the comity of nations. It is an anachronism, well worthy of that political casuistry which lures the peoples to believe that the world is happier because government by parley has been substituted for government by force. As if not the only reason for obeying the laws passed by the majority issued from the electoral urn were not the fear that otherwise this majority would use their fists! Their tyranny is in reality far more extended and persistent than that of any autocrat. The latter could never go beyond certain limits for fear of being assassinated. The former, the majority, need not take any such considerations, on account of the minority.

That everything which the majority want is right is the beautiful doctrine left to us by the French Revolution, and in every popular assembly of the

Towards a New Social Order

world this monstrous creation of an infuriated mob has been embroidered upon for four generations by the most respected of the men who truly have been called Statesmen, because they were in heart and instinct men of the State, the old idol of antiquity ! Then came the introduction of universal military service imposed upon Prussia by the necessities of the Napoleonic Treaty of Tilsit, and then unavoidably adopted by all nations. Finally, when the whole of mankind had thus learnt how best to kill their neighbours, the Governments of the world by their insane insistence on the infallibility of economic doctrines that, if sound at the time of their inception, must have been totally unfit for the twentieth century, paved the way for the World War. In this the majority learnt that human life has no value at all, and yet men wonder that the old order totters and creaks in all its foundations.

II

THE NEW STATE

THE very interdependence of mankind brings the remedy. When Socrates two thousand five hundred years ago told his friend Sophocles that Right is nothing else but the protection of the minority from the Might of the majority, he could not pursue this strain of thought to its utmost conclusion, which practically eliminates all distinction between Right and Liberty, the individual constituting the smallest thinkable minority.—At this time Greece was surrounded by unknown countries, and the menace from abroad made measures of defence necessary, which then, as always, implied the curtailment of the liberty of the individual. And so it has been ever since. As long as any threat of outside aggression exists, the natural desire of the individual to live his life as it pleases him has to be interfered with. The State which we know is a necessity. It alone can provide the desired security.

Yet this security is not only relative. It involves measures that in themselves tend to endanger and

Towards a New Social Order

upset it. Military institutions necessarily carry with them certain privileges, economic and others, which those who have to pay for them will sooner or later resent.

The resulting internal difficulties lead often directly to war, or to the adoption of such economic legislation as provokes the enmity of other States.

The vicious circle of the interplay between external and internal policy can only be broken by drawing the full consequences from the established interdependence of mankind ; that is to say, by recognizing the necessity for abandoning any legislation which in any way can affect people living outside their own State. In other words, the functions of the latter should be limited to one single object : the protection of the liberty of the individuals who dwell within its territory. Then the Socratic definition of Right can receive its full development, because the smallest thinkable minority will everywhere be protected against Might. Right will become a universal concept identical with that of Liberty ; that is to say, equivalent to a universal absence of compulsion except such as may be required to prevent individuals from interfering with others.

Once this is conceded, all danger from abroad and all its evil consequence for the State disappear. Whether the territory or the number of the inhabitants of any State be large or small does not matter

The New State

in the slightest degree. Every individual would have the same place in the sun whether he belongs to a large or a small State. He would have access to the biggest possible market, that of the whole earth, both as producer and as consumer, under conditions that would be equal for all human beings, as the chief limitation of the functions of the State to the protection of individual liberty must preclude any kind of taxation whether direct or indirect.

The ensuing absolute freedom of exchange must in its turn bring about such an adaptation of the work of production to local resources, and such possibilities of partaking in the consumption of the entire produce of the earth, that no State could risk seeing its communications with the remainder of the world interrupted through war.

But absolute freedom of exchange will not only provide the best possible guarantee for the conservation of peace. It will do away with all plausible excuses for war. Territorial extensions will appear absurd. Domination over alien races will be regarded as unwarrantable burdens. The desire to become self-sufficient, which is perfectly natural as long as the menace of war exists, will stand out as a economic nonsense of the most evident kind. Rather will there arise a general tendency to split up the large States into smaller units. In such it is easier for the citizens to control that the men into whose

Towards a New Social Order

keeping they have entrusted the protection of individual liberty do not misuse their power.

With the abolition of taxation internal political strife will cease. No class of the population will then have a particular interest in getting hold of political power. It will no longer afford them an opportunity of living at the expense of the rest of the community or of winning undue economic advantages. With the establishment of absolute freedom of exchange everybody will be in a position to obtain and keep the full fruits of his labour. There will be no need to deprive some of their earnings in order to support others. The real value of all services and products can then be measured. Justice will at last take the place of that robbery which to-day everywhere is disguised in the garb of charity.

To build up the State on these principles should particularly appeal to those who call themselves Christians. It would be equivalent to putting the moral teachings of Christianity into practice and not to confine them to the pulpit and the desk.

The religious aspect of Christianity has long ago been voluntarily surrendered by giving religious freedom to all creeds within the realms of Christendom, and by bidding its viceroys and proconsuls not to interfere with the religious practices and doctrines of the natives in its colonies. This is in

The New State

itself a recognition of the fact that religious beliefs, as the very words indicate, only concern man's relations with the unknowable, the supernatural, whereas moral teachings portend to the domain of knowledge and concern the relations between man and man. To found the latter on the principle of individual liberty is but to follow the Golden Rule of doing to others as one would wish others to do unto oneself, and not to judge, in order not to be judged.

The principle of individual liberty is identical with Jesus' peremptory command to love one's neighbour as one's own self, or, as it should run if properly translated from the original text, "to give one's neighbour the same value as one attaches to one's own self." This is the only principle of conduct which admits of no arbitrary interpretation, and does not justify the employment of force, except for the purpose of preventing any interference with the liberty of the individual. It is the only principle which contains within itself its own limitation, and therefore does not allow of any gratuitous distinction between those whose liberty must be protected and those whom the former entrust with this mission. In the language of to-day, all distinction between the rights of the governed and the rights of the government is swept away.

Based upon absolute reciprocity between all

Towards a New Social Order

individuals, the principle of individual liberty entirely obliterates any difference between what is called public and private conduct, the custodians of liberty only being allowed to use their powers according to the very same principle that should regulate the conduct of every citizen. Neither the State nor any one of its institutions possesses the slightest right to raise any claims whatsoever on their own behalf. They only exist to safeguard the reciprocal claims of the individuals.

The suggestion that it is possible to maintain the State and whatever institutions are required for this purpose without the levying of any taxes seems at first sight preposterous. But the acceptance of individual liberty as the basic principle of conduct implies the fulfilment of certain conditions, the payment of certain dues that will furnish the means necessary for these purposes, and yet are not in the nature of taxes, as they are neither arbitrarily imposed by any authority nor curtail the earnings of any worker.

Liberty from interference on the part of his fellow-men cannot undo man's dependence on the land and the natural resources which it contains. To enjoy liberty man must live, and life is impossible without access to the latter, directly or indirectly. They constitute the fountain source of life. People who are denied access to the natural resources are

The New State

obliged to accept such conditions of work and such rates of pay which those who are in possession of these resources are willing to grant. Otherwise they will die from starvation. To deny the truth of this statement because the landless often succeed in enforcing their own conditions of work and pay is but to affirm it. The real reason for the yielding of the landowners is the fear that hunger may lead the landless to seize their properties.

It is the failure to understand this intimate connection between the ownership of land and the social problem which, with reason, has discredited the Manchester Liberalism and its incomplete doctrine of *laissez-faire*. Yet it is evident that the unemployed have to be supported by the cultivators of the soil. The latter produce everything that is needed for feeding, clothing and housing the former. If the unemployed were given free access to the natural resources and had to produce themselves what is needed for their own sustenance, they would know no idleness, while the cultivators of the soil would have more leisure. From a moral point of view the gain would be tremendous. There would no longer be any necessity for supporting people who do not themselves produce anything. The whole community could live up to the principle which alone in the long run can restrain people from wanting to rob others, viz. that he who does not produce any-

Towards a New Social Order

thing should have no claims whatever upon anything created by the labour of others.

It is probable that the introduction of money has obscured this obvious truth. Let us therefore remind the reader that the money he paid for hearing Caruso sing represented the value of so much food, clothing, housing, etc., which those who paid for the same pleasure had either produced themselves in excess of their own personal needs or by performing all kinds of other services had obtained claims to, and that the singer himself could only use the money he received for obtaining something taken out of nature's treasure groves, or by giving it in exchange for services (or pleasures) performed by other human beings ultimately dependent upon the fountain source of all human existence, the land.

Anybody who wishes to exclude his fellow-men from the use of any piece of ground, however small, and the natural resources it contains, owes them, therefore, compensation for this privilege. By excluding them he diminishes their possibilities of existence, with just so much as the use of his plot of ground is worth in the open market. He thus infringes upon their liberty. But the payment of the economic rent, that is the price obtainable under free competition for one year's use of a piece of land of exactly the same size, situation and productive value, to the community, gives everybody full compensation

The New State

for this infringement of their liberty, provided the total amount of this rent be distributed in equal parts to all the members of the community.

On the other hand, the annual dividend which in this way accrues to all citizens can by no means be considered as constituting a portion of the fruits of their personal labour or services. It belongs, in fact, just as much to the children in the cradle, who perform no work, as to the adults, as every human being by its mere existence, which requires the utilization of natural resources of all kinds, raises the amount of the economic rent. The fundamental principle of economic justice, that everybody should not only obtain but also be allowed to keep the full fruits of his labour, will therefore suffer no transgression if the expenditure required for the maintenance of those public institutions which are necessary for the protection of individual liberty are primarily deducted from the annual dividend of all citizens in equal proportions.

Nor is it an infringement of the liberty of the individual to allow the total amount of this expenditure to be determined by the majority which alone possesses the Might required for the safeguarding of Right. The mere fact that all citizens know that their personal dividends from the common income will decrease proportionately with the increase of public expenditure affords the best and only possible

Towards a New Social Order

guarantee for keeping the latter within the lowest limits compatible with the protection of individual liberty. There is no incitement to human actions superior to self-interest. To despair of its power is to despair of life. To aid it to break down all the cant with which the selfishness of a few has endeavoured to lead the self-interest of the many astray is truly to fulfil a divine mission, the divine mission to work for human liberty, to follow in the footsteps of the poor carpenter from Nazareth, who preached the evangelism of complete tolerance.

Why should this be unattainable? Is it not a fact that no extension of the power of the State, of the rule of force, can take place anywhere without immediately being copied everywhere? Why should it not be possible to reverse this process? If new taxes, new political and economic malpractices are readily imitated, why should not the intellectual interdependence of mankind also work the other way? Why should not all nations finally end by following the example of a people who resolutely discarded any institution the very antiquity of which furnishes abundant proofs that it to-day only can prompt the generation of thoroughly inappropriate ideas? Surely these are not universally copied because they are bad, but from a universal perception of the utter impossibility of leaving things as they are!

III

THE GREAT CHANGE

To exact the payment of the economic rent from those who at present happen to have their capital invested in land values, and let those escape who perhaps only yesterday transferred their capital from these values to other investments simultaneously freed from all taxation, would be to commit a great and palpable injustice.

Capital has, since time immemorial, been created through the possession of land values. But it has also at all ages been taken out from these and employed in other innumerable pursuits—shipping, trading, manufacturing, etc. This process has been repeated and reversed so often and so long that it is impossible to tell what part of any existing capital owes its origin to the possession of land values and what part has been accumulated from other sources. Justice therefore requires that all owners of capital should divide the burden of the economic rent between themselves, and that the present owners of the natural resources should not be specially penalized for having

Towards a New Social Order

taken advantage of a legally established system that not only enables but encourages private individuals to pocket and speculate with values that ought to belong to the community as a whole.

It would even be invidious to single out for special treatment the actual holders of ancient hereditaments whose families for many generations have enjoyed undue advantages at the cost of the citizens at large, the origin of which may have been the caprice of a feudal king for a mistress or an unworthy favourite. These recipients of royal favour did no more act contrary to the laws existing at the time than those who obtained the enclosures of the commons or the spoils from the Churches. Neither can their present descendants be blamed for obeying the prevailing laws of inheritance.

It would also be futile to attempt to right the injustices which their forefathers, according to our present light, committed. The victims of these injustices are dead, and their descendants possess no claims to compensation. They only share the equal rights of all other human beings to the full and immediate participation in the economic rent of to-day and to-morrow. Even the curtailment in earnings that they may have suffered during their own lifetime cannot be adequately estimated and made good. They must be content with obtaining full economic justice from the day absolute freedom

The Great Change

of exchange permits the true measurement of their services.

Besides, all owners of inherited wealth will in common with all other capitalists have to share another burden, the abolition of which must precede the suppression of all taxation. This is the public debt, national as well as local.

The contracting of public debts is an indefensible abuse of Might, whether it be exercised by autocracy or democracy. There is no escape from the burdens imposed by these debts on the citizens except by emigration. But even this is no longer of much use. While sportsmen have been able to obtain the reservation of many hundreds of square miles for wild beasts where these may not be disturbed by man, there will soon not be one inch of territory left where the latter can escape the debt-contracting State.

This tyrannical power knows no limits. It is not only exercised by the living; the debts contracted by Governments buried long ago must also be paid while the living continue, without the slightest hesitation, to impose identical obligations upon the unborn of many a generation.

In a State whose only mission is the protection of individual liberty the contracting of public debts is inadmissible. The men who exercise public authority may in such a State accomplish no acts

Towards a New Social Order

for which they cannot be made personally responsible.

Public expenditure must therefore be met out of the common annual income, and as no disbursement from this source can be called legitimate save for the purposes of safeguarding the reciprocal claims to liberty of all citizens, there is a further reason why any payment of interest on the debts left over by the present system should cease at once.

These debts must entirely be paid off before the principle of Right can be considered to be really established and to have entirely replaced that of Might.

The public debts left from the present misrule are of two distinct categories. One of these has materialized in bonds and other interest-earning securities, such as Treasury Bills, etc. The other consists of pensions and other annual payments to be made from the public purse as insurance contributions, maternity benefits, unemployment doles, etc.

From this latter category one part of the community derives direct advantages, while the other part is made secure in the retention of those privileges which have caused the necessity for these payments. The whole community should therefore partake in honouring these obligations, and the proper way to do this without transgressing the fundamental principle of the new order is to create a special fund for their gradual redemption out of the sale of all

The Great Change

public property for which there is no legitimate use in the future. The extent and value of such property is immense.

Cathedrals, churches, the palaces of bishops and other ecclesiastical abodes and offices, tithe-rent charges, etc., represent alone many hundreds of millions of pounds which could find a better employment, for instance, as pensions to the maimed victims of the war. When the whole practice of public life and all its institutions are founded upon true morality, not even the slyest of hypocrites will need to think it advisable to keep up that preaching from the pulpit which endeavours to comfort the poor sufferers from the injustices of this life with the radiant hope of an unearthly paradise. The property of the Church, which after all was not got together for the mere benefit of its dignitaries, but because the Church was at one time identical with the community at large, can either be sold or devoted to more practical aims than to teach the congregation to take off their hats to a passing-coffin. The churches would, indeed, serve a loftier purpose by contributing to give all living beings their due. They occupy as a rule the most central position in the parish, and could on weekdays with advantage be devoted to administrative purposes or public meetings and rejoicings, thus allowing other buildings to be set free for productive work. Surely there

Towards a New Social Order

can be no desecration involved in such proceedings from the moment that administration is based upon justice and the whole attitude of the citizens towards each other follows the moral teachings of the man whose cross crowns the Sunday meeting-place of the community. On the other hand, the living up to the very tolerance preached by Jesus would make it natural to hire out all churches alternatively to any worshippers who do still feel the need for other prayers than actions that conform to their professed beliefs.

Then there are innumerable office buildings, occupying the most valuable sites, custom houses, barracks, camps, shipyards, naval harbours, warships and other war material, museums, royal castles and parks as well as buildings and other property belonging to enterprises which should be handed over to private management, such as post offices, telegraphs, telephones, tramways, water, gas and electricity works, lighthouses, etc., and in many countries also railways, canals, harbours, and docks.

In a way, all classes of the population can indeed be said to have benefited from the construction and upkeep of such properties, though they have been imposed upon the community through the use of force at first by the king, and in more ingenious days by the majority.

The issuing of the bonds of the national and local

The Great Change

debts has, on the contrary, only benefited the owners of capital. The taxation required for payment of interest and for creation of sinking funds has added to the price of all commodities. The resulting decrease in the net incomes both of capitalists and earners has diminished the total amount of savings available for productive investments, already much curtailed by the issuing of public bonds and the inflation of the currency which the presumed right of the Government to contract public loans encourages.

The general rate of interest on capital has, as a consequence, undergone a notable increase, and there is no investor or capitalist, however small he may be, who has not profited thereby, while it is just as impossible to estimate what part of any private fortune is due to this cause as it is to determine what rôle has been played in this respect by the private possession of land values, which constitutes the basis of the existing banking and credit institutions.

Equity thus demands that the burden of the redemption of all public debts should be distributed among all owners of wealth, just as well as they should divide between themselves the burden of the payment of the economic rent to the community. The simplest way of accomplishing both objects is to impose a levy on wealth large enough to redeem

Towards a New Social Order

all public debts, inclusive of the banknotes which have to be withdrawn in order to obtain the proper amount of currency circulation, as well as sufficient to give as compensation to the present owners of land-values covering that portion of the economic rent which is not met by the simultaneous abolition of all taxation that at present falls especially upon land and the natural resources which it contains.

Roughly speaking, the compensation to be given to the landowners would therefore amount to about half of the unimproved value of land, and there is no reason for increasing this percentage for land held back from its best use for speculative purposes. Such land is to-day very much undertaxed. It would be extremely foolish of the community to increase the losses that it already has suffered on this account by the payment of an increased compensation to the speculator. Among the risks that he runs, that of the community coming to its senses ought surely to take the first place. Furthermore, the giving of full compensation for the economic rent to those who hold land of speculative value would prevent such land at once being put to its best use.

IV

NO PROFITS WITHOUT WORK

THE protection of individual liberty against the exercise of political tyranny demands as a corollary the strict enforcement of individual responsibility. In no field of human endeavour is this more necessary than in everything that pertains to the sphere of economics. The law should therefore never recognize such a monstrous institution as that of the limited liability company, which enables people to divest themselves of their personal responsibility and allows them to earn huge profits without running corresponding risks. That practically the whole world has come to accept the limited liability company and protect it in every possible way shows more than anything else the laxity of thought which prevails in the domains of both morals and economics. The mere idea that any justice can reign while these two domains are separated by a water-tight bulkhead is indeed enough to make one despair about the sanity of mankind.

Yet it ought to be easy to understand that no responsibility can exist without a conscience embodied

Towards a New Social Order

in flesh and blood, and that this is absent in the fictitious civilly and judicially "responsible" personality of the limited liability company. The only manner in which true responsibility can be enforced is the substitution of joint responsibility for this limited responsibility which enables the shareholders to earn huge profits without being obliged to run corresponding risks. Such joint responsibility implies both the fixing of a time limit, albeit renewable, for the association, and a very distinct definition of its aims in the very contract of association. Furthermore, it implies that no associate can withdraw from the association without the explicit consent of all others.

Under such conditions only fools would advance money for undertakings, the working of which they are unable constantly to control in all the details, except as holders of debentures secured on real property and bearing a fixed rate of interest, determined by the law of supply and demand as operating on capital and by the risks run by the debenture holders. The shares made out to Bearer, which receive variable dividends according to the profits made by the companies would then no longer exist. All the unsavoury operations on the Stock Exchange, where many manipulations are possible in order to make the value of these shares rise or fall according to the inspirations of the manipulators

No Profits Without Work

would then become impossible, and this would be of enormous advantage both to the honest saver and the community at large.

When those who have neither the ability nor the desire to take any active part in an enterprise, but merely wish their savings to fructify, are reduced to putting these into debentures, capital as such will receive its legitimate share of earnings in the form of interest, which is simply the rent paid for the loan of capital, while the profits will go to those who take an active part in the business. One of the main causes of the social unrest, and a very justifiable and potent one, will then disappear. As soon as capital has to be content with the annual interest that people voluntarily pay for its services, it will become evident that there is no inherent enmity between Capital and Labour, but that both will profit through the suppression of any privilege granted to either of them.

The more capital there is available, the lower will be the rate of interest paid for its use, and the higher the earnings of Labour. Vice versa, any increase in the output of the latter tends either to increase capital, in which case the process of decreasing the rate of interest and of increasing the earnings of Labour is repeated, or it tends to augment consumption, thus increasing both the opportunities of Labour and Capital.

Towards a New Social Order

In other words, everything that serves as a means of increasing production will always benefit Labour, provided all privileges granted by law to Capital be abolished. These privileges constitute the patent evils of the so-called capitalistic system. But to attack Capital instead of such privileges is to fight against windmills. Capital, which, if the privileges be abolished, will be nothing but accumulated savings, constitutes the very foundation of progress and civilization, which can only be freely measured by the degree of independence of nature, and of liberty from compulsion from his fellow-beings that the individual attains. Capital and Labour are complementary, not antagonistic.

When capital only earns interest, the realization of extraordinary profits will encourage the creation of competing undertakings, and the consumers will benefit through the ensuing decrease in prices. Wage earners will then obtain the profits that now go to lucky shareholders, shameless speculators, tricky brokers, company promoters and the lawyers of high finance.

The contention that the impossibility of obtaining the large returns associated with shares of a speculative nature will frighten Capital from financing new enterprises does not bear a moment's examination. The suppression of limited liability companies does not diminish the amount of real capital by one

No Profits Without Work

single penny. Capital must always turn to such investments as are to be had, if its owners want to make it fructify, and are not simply desirous of hiding money away, for which procedure there would not be the slightest reason in a State with absolutely no taxation.

But the whole outlook of the investor will change. The psychology of the debenture holder who takes a long view of the soundness of the enterprise into which he puts his savings will prevail over the short-sighted policy of the shareholder who above all wants to get quickly rich and neither cares nor troubles about the fate of the workers who may be thrown out of work as soon as the temporary boom of the company comes to an abrupt end. The capital that cannot be put into old undertakings must therefore eagerly search for new openings, and there will be very much more of such capital available for productive work when there are no public loans to absorb it.

It may be that the rate of the financial development will become a little slower owing to the elimination of apparently very risky undertakings. But who can, in view of the present situation, doubt that this would be all the better for the whole world ?

The abolition of the limited liability companies will not only be the means of driving all dishonest men from the temples of finance ; the huge credit

Towards a New Social Order

institutions will make room for a great number of local banks. The former wield necessarily a sinister influence in Parliament, and hold a constantly money-hungering Cabinet in its claws. They are always eager to risk their client's savings in large overseas speculations, which seemingly yield large returns. For these, however, the whole nation often eventually pays both in blood and money. It is the wars and the economic conflicts, engendered by the ferocious hunt for concessions in foreign lands, which are the real causes of Imperialism. On the contrary, the smaller local banks will be particularly inclined to support the enterprising farmer, the thrifty tradesman and the skilful artisan. The small man of the village will then have a chance to rise. The community will be kept free of foreign embroglios. The repopulation of the country-side, and the stopping of the influx to the dismal slums of the great metropolis will cease to be mere electioneering cant, and, last but not least, the leisured classes, who now look to the family broker for a huge income that will furnish means for a life of deadening luxury and nauseating frivolity; will have again to exert themselves in order to keep the place which their forbears earned by being leaders of men.

Those who retort that the abolition of limited liability companies would still leave such houses, as, for instance, the Rothschilds, free to exercise

No Profits Without Work

their great influence on policy, forget two things. Not only will politics, as previously shown, be immensely restricted and practically abolished as far as finance is concerned, but the accumulation of such enormous fortunes as those of the ubiquitous descendants of the Frankfurt bankers will in future become impossible owing to the abolition of all monopolies and particularly of the monopolization of natural resources of any kind.

The healthy reduction in the size of individual fortunes does not depend upon any arbitrary legislation. It will be brought about if natural conditions are allowed free play. But it does not imply any elimination of the total amount of capital. This, on the contrary, is bound to increase at a very rapid rate when the destructive influence of war, social unrest and bureaucratic squandermania ceases to be operative.

The impossibility of amassing great fortunes will thus result in a far larger distribution of capital than at present, and therefore make it much more secure. Besides, the capitalist will no longer be hated, but honoured, when everybody knows that none can get rich through the influence of privileges, but only through the full use of his own talents, and hunger and want do not compel the producers to offer more for the services of Capital than they really are worth.

Towards a New Social Order

To complete this happy picture of economic justice, which only seems so Utopian because it presupposes the return to the natural, simple economic laws, and the abandonment of all the legal casuistry built up through many centuries by the minds of those conjurers whose main ideas have been to put the values created by the sweat of others into their own pockets, a thorough alteration of the Patent Laws is required. As they stand, these laws allow the patentees to mulct the consumers of enormous sums.

The selling price of any patented article has no relation whatever to the cost of production. It needs only to be fixed a little lower than that of the article the new invention is apt to supersede. At the same time, the existing Patent Laws miss their avowed object—the encouragement of inventors. The huge amounts taken from the consumers very rarely find their way to the inventors, who more often than not are obliged to sell their inventions for a mere pittance to the companies that exploit them.

Inventors would be more effectively encouraged in the following manner: the manufacture of all patented articles should be open to all on the condition that they paid a small royalty, say 1 per cent. of the selling price of the articles, to the patentee during a certain number of years. The

No Profits Without Work

latter should, however, also have the right to obtain full compensation from those who first made use of his invention for all his certified expenses in connection with the completion of the patent, the first manufacturers of the patented article being empowered to divide proportionately these expenses with those who later on take up the making of the article.

This would not hurt the consumer, and yet bring an adequate reward to the inventor. Take, for instance, an article of small value, like the Gillette safety razor, whose cost of production is nearer fifty cents than the five dollars at which it sells. Nobody will deny that half a cent per razor and a cent for each dozen blades would have made the inventor a multi-millionaire in dollars, nor that this reward to King Gillette would have been fully adequate, whereas the existing Patent Laws have made it possible to mulct the public of many scores of millions of dollars.

The suppression of all privileges accorded by the Law to Capital demands as a necessary corollary the abolition of all privileges granted to Labour, just as the power given to trades unions was the unavoidable consequence of the power acquired by the capitalists. Justice ought to know no classes, only individuals, and the right of association should be identical for those who have much and those who have little.

Towards a New Social Order

Nobody should ever be allowed to divest himself of his personal responsibility for any action.

Every citizen must, on the contrary, always keep the contracts that he freely enters upon, and when everybody can obtain and keep the full fruits of his labour, there remains no reason whatever for curtailing the liberty of the individual to make any contract he chooses to conclude, on condition that it does not infringe upon the equal liberty of his fellow-beings. Any trades union boycott must, therefore, become as illegal as it will be unnecessary. With the payment of the economic rent to the community, all get access to the natural resources under absolutely equal conditions, and none will be forced by hunger or want to accept a lesser wage than he can earn by independently utilizing the fountain source of all wealth. On the other hand, none will be able to offer a higher wage than that, save when in possession of superior organizing or technical skill, or of capital created through the utilization of such qualities. In either case, the higher wage will not be obtained to the detriment of somebody else, and therefore nobody has any justified reason for complaint.

Circumstances will, indeed, be so profoundly altered when Might becomes the servant of Right, that the power of the trades unions will have to share the same fate as the power of

No Profits Without Work

capital. The brigandage of both must disappear. The absolute right of the individual to work at any conditions that he is willing to accept can then always be secured, because the whole community will be imbued by the profound conviction that the arbitrary fixing of a price of anything, whether an hour's work or a pint of milk, tends to restrict both the demand for, and the supply of that thing, and that overpayment of one person always must result in the underpayment of another.

V

A TRUE CURRENCY

ABSOLUTE freedom of exchange requires a perfect means of exchange. The payments for products and services obtained anywhere must enable the sellers to get their full equivalents everywhere and at any time. Otherwise a great deal of unemployment is bound to result all over the world. The present situation is a case in point. The entire population of many countries is actually unable to cover the direst wants for lack of a proper currency, while there is a glut of production in others that for this very reason cannot find buyers for their produce, and thus gradually are forced to shut many works, to restrict even the production of raw materials. The resulting unemployment necessitates in its turn the imposing of taxation which curtails the purchasing power of everybody in the land, and this reacts again on the countries suffering from bad currencies. Their products find fewer buyers, and their means of buying decrease correspondingly. Hence the fundamental importance of

A True Currency

the currency problem. Before it is solved, talk about the restoration of Europe is nothing but talk.

A return to the pre-war gold currency as a means of righting the exchanges is impossible. The United States of America are already in possession of the major part of the available gold. The rest must find its way thither in payment either of Europe's debts or of the raw materials that have to be got from the other side of the Atlantic. The United States are still too deeply imbued by the protectionist fallacy to accept payment in goods. Those who have no political axe to grind, and therefore dare to see things as they really are, would do well to recognize these simple facts as fundamental axioms.

On the other hand, the printing of unlimited quantities of paper money that fluctuates from day to day in value, and ultimately is bound to approach zero, can only bring about the same results as in Russia, where Lenin and Trotzky, in pursuance of their criminal stupidity, deliberately debased the currency with the object of dispossessing all owners of property, and of preventing the accumulation of fresh savings. Yet the Bolsheviks have no truer allies than those Governments whose finances have their mainstay in the printing of banknotes, not to mention those whose policy consists in forcing

Towards a New Social Order

their neighbours to resort to this easy way of making "money."

Now, the experiences of the last decade have abundantly proved the sacrosanct theory of the gold covering to be a fallacy. In most countries paper money has been accepted and used as a medium of exchange without losing its supposed value, notwithstanding the absence of adequate gold reserves, or the fact that these reserves have been put out of function by laws or decrees, prohibiting the exchange of gold for banknotes. Nowhere does the strength of the existing gold reserves buried in the vaults of the issuing banks seem to influence the face value of the paper money. The most instructive illustration is furnished by the relative position of the Swedish and the Danish crowns, which before the war stood at par. The latter have a gold covering of 54 per cent., the former only of 45 per cent.; and yet the Swedish crown stands about 25 per cent. higher than the Danish! The reason is not far to seek. In Sweden the circulation of banknotes amounts to some 100 crowns per head of the population, whereas in Denmark it reaches 130 crowns, a figure necessitated through the ruinous policy of the Socialistic Government, which in every way encouraged the process of inflation.

Events have also put the old shibboleth of the balance of trade out of court. All countries that

A True Currency

enjoy a high rate of exchange—which appears to be almost as questionable an advantage as a low rate—with the exception of the United States, have what economists are pleased to style an “unfavourable” balance. Great Britain, Sweden, Holland and Switzerland furnish the most striking examples. Their imports are far greater than their exports without being covered by what is termed invisible exports. Other countries, for instance France, have an excess of exports over imports, yet their rate of exchange is very unfavourable, contrary to the “law” of the supposed “favourable” balance of trade.

Coinage has equally demonstrated the error of the metallist school. Tokens of paper, or of almost valueless substitutes for silver and copper, are readily used by the public. The nominalists have undoubtedly gained the day. It is now beyond dispute that the value of any currency depends entirely upon its purchasing power in the country of issue, and that the smaller or greater probability of the constancy of this power has a controlling influence on the rate of exchange. The easiest way to maintain the constancy of the purchasing power of any currency is to ensure that the fiduciary circulation always bears a fixed relation to the productive power of the people, which constitutes the foundation of their purchasing power.

Towards a New Social Order

The most perfect measure for this productive power is the total amount of the *economic rent*, this being the sum total of the prices that the inhabitants are willing to pay for the best use of the natural resources of their country. The more produce they extract from these the more they can buy from other countries. Thus the total economic rent gives, indeed, a true index of their purchasing power on the world market. At the same time, a rise in the total amount of the economic rent indicates the desirability of an increase in the fiduciary circulation. It is a sign that new enterprises ought to be started as a rise of the economic rent indicates either a rise in prices or a fall in the costs of production. The ensuing increase of production will then again tend to lower prices, attract buyers, and increase production. Should, on the contrary, the economic rent decrease, this would denote that production has overstepped consumption, and that a slowing down of the rate with which new enterprises are started has become desirable. Then the fiduciary circulation should be restricted if the currency unit is to maintain its purchasing power.

Taking pre-war conditions as the safest basis, the proper permanent relation between the economic rent and the circulating amount of currency ought to be as 2 : 3, and there is every reason why a fixed quantity of gold should be employed for measuring

A True Currency

this relation. If the identical quantity be used in all countries, a true world currency would thus virtually be created, and this could be done without being open to any of the objections which are valid as long as each country has to maintain large amounts of gold within its borders. The fixed relation between the economic rent annually flowing into the Treasury and the circulating currency would in fact provide a far greater security behind the notes and the tokens than any amount of gold, the value of which is bound to fluctuate with the increase of gold production, be it that this is brought about through the discovery of new gold fields, or through the invention of a process of synthetic manufacturing.

The universal acceptance of the same quantity of gold as a standard of currency would enormously facilitate and cheapen all commercial and banking operations. The arbitration houses, the often fanciful transactions of which constitute a serious burden on production and trade, would then have to shut their counters. A large number of irksome exchange institutions that fleece the ignorant traveller would disappear.

The most convenient standard for such a world currency is certainly the franc, the smallest of the great coins of the world. It contains 0·2903 gramme of gold, and is already in use in many countries, though under different names, as the lira, the peseta,

Towards a New Social Order

etc. Its adoption by the remainder might tend to ease the wounded vanity of the French people, who with dismay contemplate the unavoidable ousting of their own tongue by the English language as a means of international understanding.

Yet there is no reason for abandoning the familiar names of the shilling, the mark, the crown, the florin, the dollar, the gulden, the rouble, etc. On the contrary, it is advisable to maintain them and restrict the use both of the banknotes and the tokens of nickel or of alloys of aluminium and copper to the countries of issue for the purpose of more easily detecting eventual forgeries. These monetary units should simply be reduced to the same amount of gold as the franc. They could then be exchanged at the frontiers at their parity value.

The British peoples would gain great advantages through such a procedure. Commodities and salaries would be paid in shillings instead of in pounds, not to speak of the still more expensive guineas. Much waste and overpayment would disappear. The suggestive effect of a small monetary unit is tremendous. Look at the different impression produced by stating a salary to be 15,000 shillings instead of 600 pounds !

With a normal economic rent of £200,000,000 the circulating currency of the United Kingdom would be £300,000,000 or 7,500,000,000 new shillings/

A True Currency

francs. France would presumably have 6,300,000,000 francs in circulation, Germany 9,000,000,000 new marks/francs, equal to 7,200,000,000 old gold marks.

The income derived from the issuing of bank-notes and the minting of tokens/coins belongs clearly, like the economic rent, in equal parts to all citizens. These operations should therefore be undertaken by a State bank, of which the mint would constitute a mere annexe. It can be done without the slightest danger of political interference as soon as it is stipulated that the fixed ration between the currency and the total amount of the economic rent has always to be maintained.

The elimination of all personal considerations in the fixing of the rate of discount can be secured in the same automatic manner by the adoption of a stipulation that a fixed proportion of the issued currency, say two-thirds, shall always be employed for discounting bills of exchange on delivered goods. The rate of discount would thus always be determined by the law of supply and demand without any possibility for the management of the State bank to favour one kind of business or the other. A rising rate would discourage all buyers and tend to secure a proper balance of trade between imports and exports. The ups and downs which cause so much speculation and misery would then entirely disappear, whereas a not unimportant percentage would be

Towards a New Social Order

added to the common income from the economic rent. An average rate of discount of 4 per cent. would increase its gross amount by 6 per cent. when the total currency circulation is always kept at 150 per cent. of the total economic rent.

The remaining third of the currency might serve as building loans for the establishment of colonies of small holders or other wealth-producing purposes that are particularly apt to facilitate the intense utilization of the natural resources so long withheld from the community at large. In future this third of the currency will also be available to meet contingencies arising out of the sudden appearance of inventions that cause a rapid and unexpected change in the methods of production and thus throw a large number of people out of work, or for alleviating unavoidable sufferings following upon floods and other catastrophes.

The transition to the new currency system is perfectly simple. Among the public debts to be redeemed through the proposed levy on wealth figures the amount with which the circulating currency—minus the value of existing gold covering—exceeds the future amount as fixed by the total economic rent. Once this excess has been removed through the exchange of industrial securities against superfluous banknotes, the remaining old currency in such notes and coins is easily withdrawn from

A True Currency

circulation in exchange for the new notes and tokens. But simultaneously all private debts ought, of course, to be restated in terms that correspond to the proportional value of the new currency compared with the old. Otherwise the creditors would be favoured at the expense of the debtors.

This is particularly important in case the new currency system would be applied at once in countries which cannot as yet be induced to accept the whole of the scheme outlined in these pages. In such countries, of which Germany may be cited as an example, the way to proceed would be as follows: The value of the unimproved land and the natural resources which it contains is at first estimated in new gold marks (francs). Then the owners are made to take up mortgages on $7\frac{1}{2}$ per cent. of the land values, constituting a first and prior lien on them and carrying an annual interest of 4 per cent. These mortgages on values, which, taken in their totality, are absolutely indestructible, and therefore not only as good as gold, but better, the value of the latter being threatened by increased production of the metal, are deposited with a new State bank, the only business of which would be to issue banknotes and tokens equivalent to the total amount of the mortgages received. In order, however, to enable the monetary circulation always to be adequate

Towards a New Social Order

to the requirements of production, the landvalues should be subjected to an annual revision.

The actual burden on the owners of the land would be very slight, and in any case more than compensated through the increase in value, which the introduction of a stable currency would cause. Take, for instance, an agricultural estate, the selling price of which is 100,000 new marks/gold francs. The landvalue would probably be about half that sum, the mortgage to be handed over to the new State bank, consequently 3,750 new marks, on which the annual interest to be paid to the bank would amount to 150 new marks !

As the entire landvalues of Germany will be worth some 120,000 millions of new marks, the total amount of both the mortgages and the new currency would be about 9,000 millions of new marks. This is approximately equivalent to the whole monetary circulation before the war, which perfectly covered the needs of the prosperous country. The new notes and tokens should at once be employed to withdraw the present marks from circulation. They amount to some 125,000 millions. The rate of exchange would therefore work out as one new mark against fourteen of the present.

Due care being taken that all debts are restated at the same rate, Germany would then be in possession of a perfect currency, which would enable the German people again to appear on the world market as pur-

A True Currency

chasers of the goods of the other nations while simultaneously preventing any underselling on their part. The 360 millions of new marks that would annually be paid to the State bank as interest on the mortgages would be available as reparation payments, without causing the least disturbance to industry or commerce. These millions could with advantage be employed by the German Government as purchasing money for the reparations in kind that it has already undertaken, and would thus in no way influence the allied nations' ability to receive the payment of any reasonable indemnity in commodities.

The obvious drawback to this proposal is the objection that it would put the finances of Germany in a better position than those of the victorious peoples are likely to be for many years to come. But it is an objection that has no reality behind it. Thanks to the enormous inflation which has taken place in Germany, its debts already amount to a smaller proportion of the total real wealth of the country than the debts of either Great Britain, France, or Italy. The proposed currency reform would in no way alter this proportion. The conversion of the public debts from, say, 420,000 millions of old marks to 30,000 millions of new marks would, in fact, be simultaneous with the conversion of all other values according to the same ratio. If the landvalues, for instance, can be estimated at 120,000

Towards a New Social Order

millions in the new gold marks, they are certainly at present 14 times as big, or thereabouts, in the present paper marks.

Neither would the currency reform unduly punish the private individuals who have speculated in marks and thus withheld capital from their own countries all over the world. On the contrary, they would at least be certain of getting back a part of their investments in marks, whereas the continuation of the present policy of inflation may eventually lead to their losing every penny of these investments.

Nations who have not followed the German policy of inflation have but one sure method of putting their finances in order, and that is to accept in their entirety the proposals outlined in these pages. Otherwise they will sooner or later succumb under the heavy burden of their public debts, or be forced to repudiate them, wholly or partly. This would be extremely dishonest toward those citizens who during the war were induced to come to the rescue of the community with their capital, whereas the paying off of the whole of the public debts in any one country would finally reduce the ill-gotten gains of the German war profiteer and those former enemies who, thanks to the economic insanity of the Peace treaties, have been able to accumulate vast fortunes. Coupled with the simultaneous

A True Currency

abolition of all taxation and the granting of free access to all natural resources, it would have extremely far-reaching effects upon the world at large. Its financial, economic, social and moral consequences would cause such a clamour for immediate imitation everywhere, that the German people, like all other nations, before long would have to follow suit.

The proposals do constitute the one and only salvaging of civilization that is attainable without all the horrors of a bloody revolution, and free from the long and agonizing travail that inevitably follows in its trail. Whether one's starting-point be the desire for international or social peace, the settlement of the question of reparations, the revival of trade, the doing away with unemployment, the solution of the housing problem, the stabilization of the exchanges, or the restoration of public and private honesty, the conclusion is identical. All roads lead to it.

VI

THE LEVY ON WEALTH

A LEVY on wealth made for the exclusive purpose of the payment of all public debts and of half the capitalized value of the economic rent to the actual private owners of landvalues would not destroy or transfer into collective ownership one single farthing of real capital. It would simply be a re-distribution of wealth between those who at present hold it, while the simultaneous abolition of all taxation would compensate all owners of capital for the decrease of income that they would suffer through the loss of a portion of their capital. True enough, the present owners of landvalues would have less capital to leave to their children. But, on the other hand, the latter would need far less capital in order to establish themselves on the land, the annual payment of the economic rent being sufficient for this purpose, thus doing away with the necessity for the putting up of the purchase money at present required for the obtainment of access to the land and its natural resources.

The Levy on Wealth

The actual taking of the levy is a much simpler operation than most people think.

Suppose the bonds of the public debts were evenly distributed among all persons subject to the levy. These bonds would then all form part of it, be handed over to the Treasury, and simply be destroyed. But as these bonds are not so distributed, those that are not handed over to the Treasury in payment of the levy will have to be exchanged at their current selling price against all kinds of other securities, shares, mortgages, etc., offered by their present holders at their selling quotations in payment of the levy. Owners of land or other property, such as houses, goods, luxurious furniture, works of art, jewellery, etc., who do not possess enough securities to pay the levy, would simply have to take up a mortgage, and deliver this to the Treasury. The payment of the compensation to the present land-owners would be made in such mortgages or in industrial bonds or shares. Very few cash transactions, if any, need to take place. They would be limited to the sale of works of art, jewellery, etc. No mortgages would remain on lien on any landed property without being covered to the full, by the value of buildings, improvements, etc., except perhaps along the main streets of a few big cities, where the site value much exceeds the value of the premises ; but as the income of the mortgagee is in such cases

Towards a New Social Order

very secure, no perturbation of the credit institutions needs to be feared.

By the introduction of a progressive rate, it is possible so to adjust the levy that no owner of capital will have to suffer any loss in his annual income. But the simultaneous abolition of all right to taxation, whether by national or local authorities, would in reality make all capital more secure than at present, when there is no limit to the taxes that the sweet will of the majority may deem it necessary to impose. At the same time, the great masses of the people would also reap great benefits from this limitation of their power, as the need for capital to take any risk for a tightening of the tax screw into consideration would disappear, and the capitalist can then be content with a smaller rate of interest. This again would lower all costs of production.

The suppression of all death and legacy duties would be another boon for the owners of capital. Their retention may be both necessary and legitimate under a system which permits a few to rob the many of their natural rights through the maintenance of all sorts of privileges. But when all these are abolished none can grow rich to the detriment of others. Then the right freely to dispose of all property, whether it be acquired by personal labour or is a gift from others, can be open to no objections. On the contrary, the maintenance of the principle

The Levy on Wealth

that each human being must be content with the fruits of his own labour, and has no right to the earnings of others, precludes any claim to inheritance.

Even parents must be allowed to will away their possessions to whomsoever they please, provided they set apart the wherewithal required for the maintenance of their non-adult children until these are able to support themselves. Yet this obligation does not arise out of the claims of the latter, but from the duty of all adults towards their fellow-citizens to support by their own efforts the beings whom they bring into life. The feeling of personal responsibility which forms the necessary corollary to personal liberty is bound to receive a most important psychological strengthening through the strict enforcement of this obligation. No child will then grow up with the conviction that it has a right to exist without doing any work, and that it has to inherit what its parents or other relatives may have saved.

The real justification for a graduated levy does not lie, however, in the acceptation of the current theory of the right of the majority to tax people according to their presumed capacity to bear different rates of taxation. This theory is but an offspring of the boundless arbitrariness with which the whole political atmosphere of democracy is infested. Its real mainstay is the presumed and unquestionable

Towards a New Social Order

power of the majority to impose its will. But in society, where Right takes the place of Might, the suppression of all privileges will prevent any accumulation of very big fortunes. The distribution of wealth will be much wider and fairer than it is at present, while the absence of the millionaire will relax the envy of those who might be able to emulate them and thereby diminish the greed in all classes. There is no valid reason for postponing the advent of this happy day by showing special consideration for the individual owners of large fortunes. These have besides, as a rule, benefited by the existing privileges to a far greater extent than the smaller fortunes. A pretty steep graduation of the rate of the levy, therefore, appears to be commendable for several cogent reasons.

In order to fulfil its twofold object, the payment of all public debts and of an adequate compensation to the present owners of land for the payment of economic rent, the average of the levy on wealth will, in most countries that have taken part in the war, have to reach 40 per cent.

The figures for Great Britain and Ireland may serve as an illustration. According to the best available estimates, the gross value of private wealth, exclusive of the bonds of the public debts held by the citizens, was before the war about £12,000,000,000. As the purchasing value of the pound is at present

The Levy on Wealth

only about twelve shillings, this private wealth must now reach the figure of £20,000,000,000, excluding clothes and household effects, which cannot very well be classed as luxuries, but including about £1,000,000,000 worth of jewellery, works of art, etc. To this sum, of which about £6,400,000,000 represent landvalues, must be added £8,000,000,000 of public debts. A levy of 40 per cent. would thus be required for starting the commonwealth on the basis of justice. It would produce £11,200,000,000 allowing the redemption of the whole public debts and of a payment of £3,200,000,000 to the present holders of landvalues.

Under these circumstances, it is obvious that the small saver will be hit much too hard if the rule at which the levy starts is not considerably lower than the required average. But then the larger fortunes must pay at a higher rate, and it might even be necessary to confiscate everything above a certain amount.

Dangerous and arbitrary as such a procedure might seem, as long as the right of taxation exists, it gains quite another aspect when it is merely employed as an extraordinary measure which, once for all, would make all property sacred not only against any menace from private individuals, but against any interference from public authorities. It must furthermore be remembered that the confis-

Towards a New Social Order

cation would not apply to earnings, but that the only limitation of income which it would imply would concern those who live on accumulated wealth without themselves creating any values. The larger and richer this class is, the worse the influence that is exercised on the community at large, and there is most certainly a limit for "unearned" incomes which ought never to be exceeded, as there are very few individuals whose character and sense of responsibility are not dangerously weakened by too much luxury.

In view of these considerations, the following table has been worked out as affording a roughly adequate example of the manner in which the levy should be graduated. It is assumed that income-earning capital under £2,000 should pay a levy of 20 per cent.; capital above £2,000 but under £4,000 a levy of 21 per cent., with an additional increase of 1 per cent. for each new £2,000 until, say, 50 per cent. is reached for a capital of £100,000.

It might well be necessary either to confiscate everything above this figure before the taking of the levy, or to continue the progressive increase of the rate to 60 per cent. until the total required amount is obtained. The possibility of levying a special contribution from non-income earning wealth, such as jewellery, works of art, etc.,

The Levy on Wealth

must also be considered. It could very properly begin where the maximum rate of the levy is taken.

The table is worked out under the assumption that persons enjoying "unearned incomes" of less than £400 a year at present pay rates amounting to five shillings a week. For incomes above that sum the rates have been estimated to reach 20 per cent. of the income-tax, while no corresponding addition has been made to the amount of the super-tax.

The indirect taxation paid by those who possess "unearned incomes" has not been estimated. It appears, however, in the last column, where the purchasing power of the future income in pounds sterling of gold parity in comparison with the present purchasing power of the paper pound is calculated. To be on the safe side, the latter has been estimated to be twelve shillings of the pre-war pound. Three of the latter would therefore be worth five of the present pounds. But as the pre-war taxation absorbed one-ninth of the total annual income, eight of the new pounds will actually have the purchasing power of nine pre-war pounds. Consequently the real relation between the money of the tax-free era and the existing will be that eight pounds of the former will buy as much as fifteen pounds of to-day.

Towards a New Social Order

Capital.	Actual Income at 6 per cent.	Actual Rates and Taxes.	Actual Unencumbered Income.	Levy.	Remaining Capital.	Future Income at 4 per cent.	Purchasing Power of Future Income at Present Prices.
2,000	120	13	107	400	1,600	64	120
4,000	240	29	211	840	3,160	126	236
6,000	360	46	314	1,320	4,680	187	350
8,000	480	89	391	1,840	6,160	246	462
10,000	600	127	473	2,400	7,600	304	570
12,000	720	167	553	3,000	9,000	360	675
14,000	840	209	631	3,640	10,360	414	777
16,000	960	258	702	4,320	11,680	467	875
18,000	1,080	294	786	4,860	13,140	525	983
20,000	1,200	345	855	5,600	14,400	576	1,080
22,000	1,320	382	938	6,380	15,620	625	1,168
24,000	1,440	437	1,003	7,200	16,800	672	1,260
26,000	1,560	465	1,095	8,060	17,940	718	1,346
28,000	1,680	505	1,175	8,960	19,040	762	1,428
30,000	1,800	571	1,229	10,200	19,800	792	1,485
32,000	1,920	617	1,303	11,200	20,800	832	1,560
34,000	2,040	648	1,392	12,240	21,760	870	1,630
36,000	2,160	700	1,460	13,320	22,680	927	1,738
38,000	2,280	751	1,529	14,440	23,560	942	1,768
40,000	2,400	784	1,616	15,600	24,440	978	1,834
90,000	5,400	2,287	3,113	45,000	45,000	1,800	3,375

These figures show that the real purchasing power of the individual capitalist would increase by about one-eighth notwithstanding the levy.

The Levy on Wealth

Another item that at present diminishes the purchasing power of money is the general rate of income on capital, which at present can be estimated to reach an average of 6 per cent. When all privileges which to-day make it possible for capital to add profits to interest are abolished, and the disappearance of public loans makes it impossible for capital to find employment except in productive work, the average rate of income for capital cannot be put higher than at 4 per cent. This will, of course, materially lower all costs of production, and correspondingly increase the purchasing power of the pound. As for the future aggregate income of capital, the following reasoning may be taken as affording a substantially correct estimate if the redemption of the entire public debt also includes the withdrawal of all banknotes that are in excess of the proposed currency circulation of £300,000,000 or its equivalent in new shillings. With the complete restoration of the purchasing power of the pound, the actual value of private wealth will suffer a corresponding reduction. It will revert to its pre-war figure of £12,000,000,000, of which, however, some £600,000,000 represent non-income earning wealth, such as jewellery, etc. These figures do not however take into account the increase in value of the pre-war pound owing to the total abolition of all taxation. But this is immaterial in this connection. Assuming that

Towards a New Social Order

the public properties which should be sold for the creation of the special fund mentioned in the third chapter contain 5 per cent. of the total landvalues of the country, some £3,800,000,000 approximately represent landvalues, which disappear as income-earning capital from the day that the economic rent has to be paid to the community. There will thus only be left some £7,600,000,000 of income earning capital which at the rate of 4 per cent. would give an annual income of £304,000,000.

The total annual income of the United Kingdom before the war was estimated at £2,250,000,000, of which the most competent authorities in practical finance as well as in economic science calculated that one-fourth went to capital and three-fourths to earnings. Assuming that the decrease arising out of the sale of foreign investments caused by the war will be made up by a corresponding increase in productive power, resulting from increase of population and technical developments, the total annual income of the country might well be put at the same figure as soon as complete deflation has taken place. Earnings that before the war obtained £1,687,000,000 of the total annual income, would therefore in future get £2,250,000,000 minus £304,000,000, which constitutes the income of capital, or £1,946,000,000. But out of these earnings there has to be paid :—

The Levy on Wealth

1. The greatest portion of the economic rent, the remainder being paid by capital as rent for dwelling-houses, pleasure grounds, etc.
2. The interest on the circulating currency.
3. The interest on the capital value of those public properties that are going to be sold to private enterprise.

The assumption that the amount of the economic rent which will be paid by capital will roughly correspond to the latter item cannot go far wide of the mark. Then the total amount to be deducted from the future earnings would be £212,000,000 (economic rent and interest on currency). The total future earnings would thus reach a sum of £1,734,000,000, which constitutes an increase of 3 per cent. on the pre-war period. Then, however, one-ninth of the total income was taken by taxation. But as taxation totally disappears, the real purchasing power will correspondingly increase. £8 will be worth £9. The future earnings will be worth £1,947,000,000 before the war. This is equivalent to a net increase of pre-war earnings of about 15 per cent.

The real importance of this figure is much greater than it seems to be. The total increase would in the main accrue to the smallest wage earners. They would be able to command a much higher remuneration for their labour than at present from the moment

Towards a New Social Order

that they obtain access to land and its natural resources. The net increase in the wages of the worst paid workers would therefore from the beginning much exceed 15 per cent., and probably be more than double. Furthermore, all earnings would always have a steady tendency to augment in a greater proportion than the income of capital, any increase of the latter being bound to provoke a gradual, if slow, decrease in the rate of interest, when all possibilities of making monopoly profits are stopped. It is even conceivable that the elimination of political interference from the sphere of economics may, in the course of time, enable mankind to accumulate such vast savings that the rate of interest will become so infinitesimal as practically cease to exert any perceptible influence on the costs of production in general.

Naturally, it is much easier to make a levy on wealth during inflation than to wait until deflation has set in. The more deflation proceeds, the greater the relative burden of the public debts will be in relation both to real wealth and to earnings. It is therefore in the interest of both Capital and Labour that the taking of the levy and the redemption of the debts should be made at once. A few figures will show this.

Suppose that the operation is postponed until deflation has restored the gold parity value of the

The Levy on Wealth

pound sterling. The value of private wealth would then, as before stated, be £12,000,000,000, while the compensation to be given to the landowners would be subject to a corresponding reduction, which would make it amount to £1,900,000,000.

Of the total private wealth amounting to £12,000,000,000, plus £8,000,000,000 of public debts, or altogether £20,000,000,000, a levy of 50 per cent. would then have to be taken in order to be able to redeem the public debts and to pay the compensation due to the landowners.

The immediate dis severance of politics from economics for which the proposed levy on wealth constitutes a necessary and essential step would, on the contrary, at once do away with all unemployment. The important diminution of the costs of production that the total abolition of all taxation and the other already outlined reforms would bring about would probably cause the immediate absorption of the whole 2,000,000 of unemployed in the United Kingdom, provided all other essential countries simultaneously adhered to the identical currency system, and thus a perfect means of exchange was established all over the world. But even if some time would elapse before this be done, unemployment in the British Isles would be likely to cease without delay. The £100,000,000 of the currency that should be given as building loans for the establishment of

Towards a New Social Order

colonies of small holders are equal to some £187,500,000 in present values. They would enable the settling of 200,000 families on the land, which alone would mean the creation of employment for 500,000 other workers, while the abolition of all taxation on buildings would at once do away with all unemployment in the building trade and immediately solve the housing question.

Furthermore, the wasteful fight between Capital and Labour would end, as both would obtain their rightful shares of the production of wealth.

VII

THE ELIMINATION OF FOREIGN POLITICS

WITH the disappearance of all taxation, the inhabitants of all countries would meet on the market of the world under absolutely identical conditions, both as buyers and sellers. The price obtainable in this common market for all commodities, be they products or services, would regulate the economic rent of every bit of ground on the whole earth, according to its situation and its value as the primary means of production. It could therefore, with reason, be stated that the total sum of the economic rent of the entire globe belongs to mankind as a whole. But the collection and distribution of such enormous sums by a central institution would be a waste of both time and money.

Every individual would, on the contrary, reap great benefits from a greater subdivision into autonomous communities of all the unwieldy States that exist at present. The reason has already been explained in the second chapter, where it has also been shown that the universal limitation of the functions of the State to the protection of individual liberty will suppress all desire as well as all danger of war.

The freeing of Industry and Trade from all taxation

Towards a New Social Order

will therefore not only make it possible for them to compete on equal terms all over the globe, but also compel Military and Naval Disarmament in the only manner that is possible to obtain it, viz. after a preceding economic and moral disarmament.

The talk about the abolition of armies and navies without first doing away with the causes that make for war is nothing but sheer nonsense. Tariff barriers and other economic measures are instituted with the avowed intention of gaining advantages at the cost of other nations, all consisting of human individuals, who, whatever their attitude might be against interference in other domains of life, possess the common characteristics of becoming angry and prone to violent actions as soon as their pockets are concerned. They might be, and have indeed been, forced to lay down their lives for King and Country, but they have, and will always, resent economic interference. Their pockets are dearer to them than their lives. How it is possible to imagine that they would calmly accept any such interference on the part of foreign Governments, whether such interference gives rise to a real grievance or only to an imaginary one, passes, indeed, beyond the power of human understanding.

Equally unexplainable is the attitude of those who fondly imagine that a community, believing its very existence to be threatened, would stick to any

The Elimination of Foreign Politics

agreement limiting its forces of defence, be it in numbers or armaments, or use engines of destruction with a glove of velvet. Men who believe that any people is likely to forget the cruel lesson of the *væ victis*, taught by the Peace of Versailles, are as devoid of the capacity for an unbiassed judgment as their next-of-kin, whose wish for peace is so great that they assume that it is possible to get rid of war merely by the constitution of an international police force, but whose minds are so shallow that they are unable to see that the control of technical inventions, which at a moment's notice can be converted into powerful instruments of destruction, is as impossible as ineffectual.

Nay, the only way in which the spectre of war can be banished for ever is a universal agreement for the strict limitations of the function of the States, that is to say, of the Governments. It is these who make war, not the peoples. But such an agreement should also embrace the absolute right of any individual to go and come wherever he chooses. This would not alter the present repartition of the different races to any appreciable extent, unless it be admitted that mankind henceforth will be able to eliminate the influences of climate and other natural conditions, in a far greater degree traditions and sentiments, than at present is possible. But in the meantime ignorance and prejudice are still so rampant in

Towards a New Social Order

the world, that it is entirely out of question to hope for the rapid establishment of such a complete world-citizenship, and that all nations would consent to open their territories to unchecked immigration of alien races. During the many generations which, after all, will probably elapse before this can possibly occur, it is therefore necessary to find a *modus vivendi* that can bridge over existing difficulties in the field of immigration and which are likely to remain even after the universal abolition of all taxation and the birth of the new Statecraft, the only function of which is the protection of individual liberty within a given territory.

These difficulties portend in the main to the immigration of the Chinese, Japanese and Indian peoples, whose surplus populations lack territories where they would be able to find congenial means of existence, while there is no reason why the white races, as soon as the work of production is disentangled from the nefarious repercussion of war politics, again should revert to the absolute freedom of immigration that practically existed before the war. Some Chinese authorities claim, however, that China would be able to take care of its own surplus population, provided it were left alone. If this be true, the problem is even reduced to finding new lands for the crowded inhabitants of Japan and India. Why should there then be any difficulty about it at all?

The Elimination of Foreign Politics

The Pacific Ocean washes the shores of three islands with an area about three times as big as Japan proper—Borneo, Celebes and New Guinea. These island continents are inhabited by a few millions of aborigines. The European capital invested there is less than £100,000,000, which would be perfectly safeguarded under the new political order. Then there are the vast, almost uninhabited tropical regions of the Australian continent. If the white races had any feeling of justice at all, these regions should be opened to immigration, until all prospective mothers, both in Europe and Asia, had learned that indiscriminate immigration from Heaven is likely to produce not only victims, but instruments of war. Neither can it be just to shut out the surplus population of India from Central Africa on account of the selfish interests of the few thousands of Europeans who have invested their savings in the Dark Continent.

The burning necessity of providing adequate outlet for the teeming millions of Asia should be squarely and honestly faced. To show a real Christian spirit in this matter would have practical consequences of great import, that would whitewash all the evil results of the missionary humbug.

Then, at last, all foreign offices, all embassies, legations and consulates, could shut their doors, and the world get rid of a profession that at all ages

Towards a New Social Order

X has been the most honoured, dependent though it is upon the withholding of accurate and the giving of false information, as well as upon the necessity for penetrating the net of lies which so appropriately is termed foreign policy, because it is foreign to the vast majority of every people. This indeed is the only way in which such policy can be controlled.

There would be no need either for commercial treaties, or for commercial spying when customs barriers are torn down, and the fallacy destroyed that countries trade with each other, a phrase too dear to all producers, who dare not openly tell their countrymen that they desire to obtain more for their products than their intrinsic worth warrants. Free Trade is not an economic doctrine, but in the natural order of things. All trade is carried out between individuals and not between countries. The fact that these individual traders dwell in different countries would not even be noticed unless legislation, which certainly is not a natural phenomenon, stepped in. The interference with trade is an absurdity, the origin of which goes back to the impervious needs of the King to obtain the money required for the upkeep of his Court, without having to bother the common people with direct taxes. Inventive and organizing geniuses are constantly striving to make communications of all kinds between the different regions of the earth cheaper, safer,

The Elimination of Foreign Politics

swifter, more regular, frequent and comfortable. By keeping and raising custom barriers, mankind is neutralizing the benefits arising from this development. The left hand undoes what the right hand cannot be stopped in accomplishing. It is a highly anti-economic procedure, well worthy of people who talk and write as if social and economic questions were different parts of life. The interference with freedom of trade is a political misdeed from an international point of view, and a double national crime that prevents the citizens from clearly perceiving how they are being robbed by their Governments, and allows some producers to levy a veritable tax on the remainder of the population. That one of the most telling arguments which the Protectionists employ should be the assumed benefit of "high wages," is nothing but a shameless lie, the stupidity of which must be evident to all who know that it is put forward in all countries, and these are all "protected."

Economic disarmament would, as already stated, also do away with the necessity for the upkeep of other armed forces than those required for the maintenance of law and order within the territory of the different States. Thus there would be neither cause nor possibility for political alliances.

The fundamental principle that the functions of the States should be strictly limited to the protection

Towards a New Social Order

of the individual liberty of all who dwell within its borders, implies in fact the renunciation of all rights to the exercise of any sort of authority outside these borders. But as the experience of mankind shows that all peoples are apt to take advantage of foreigners' ignorance in the matters of language, customs and manners, a World Court, totally independent of all States must be constituted in order to control that no discrimination is shown anywhere by the public authorities between those who are permanent inhabitants of the country and those who dwell there only temporarily.

How such a Court, offering complete guarantees for impartiality can be constituted, has already been shown by the author.¹ It must have a great number of divisions, say eighty, each consisting of five immovable judges, distributed over the whole inhabited globe. These judges should be elected by all States at the rate of one judge for each two millions of population, until the total bench of four hundred judges be completed. The maximum number of judges to be elected by any single State being far below the total number of divisions, none of these need to contain more than one judge from any State.

Neither would this World Court have to create any law of its own. Its decisions would simply ensure that the existing laws were everywhere

¹ See *The Foundations of Permanent Peace*, published by Grant Richards, London, 1918.

The Elimination of Foreign Politics

applied to foreigners and natives without the slightest discrimination.

The enforcing of the Court's decisions would be an extremely simple matter. The High Seas being the common property of mankind, the control of navigation and fishing on them cannot be left to the different States, whose jurisdiction should cease at their respective frontiers. It should be handed over to the Presidential Division of the World Court elected by the judges themselves. To be able to exercise this control, the Presidential Division must maintain a Police Fleet consisting of, say, four hundred destroyers, manned by sailors recruited from some small nations, without any colonial or political ambitions, and which have been neutral during the last war, as, for instance, the Scandinavian peoples. Should by any chance any State refuse to carry out a decision given by any division of the World Court, the Police Fleet would be ordered to seize a vessel belonging to a citizen of the recalcitrant State. The sale of this vessel would furnish the means for indemnifying a foreigner who had suffered from the refusal of Justice. The mere threat of such a contingency would induce both owners of ships and cargoes to see that their national authorities always fulfil their obligations.

This Police Fleet would also be sufficient to prevent all States from otherwise transgressing their duties with regard to non-interference with the freedom of

Towards a New Social Order

exchange and to the limitation of their armed forces to a constabulary amounting to a fixed proportion of the population, say, $\frac{1}{4}$ per cent. For the purposes of facilitating the control by the World Court, this constabulary should be carried on the budgets of the States and all local police forces be abolished.

The total cost of the World Court and the Police Fleet would scarcely exceed £30,000 for each judge. This is not more than half of the present expenditure for foreign offices, diplomatic and consular services, while the cost of the constabulary would be but a fraction of the present Army, Navy and Air Budgets. For the allied countries the annual saving, if capitalized, would more than cover any amount of indemnity that Germany can possibly pay. For France alone they would, for instance, reach a sum of not less than 200,000,000,000 francs !

Vice versa, the annulment of those stipulations of the Treaty of Versailles, and other sister treaties which are contrary to the new order, would of itself suppress any desire of the German and other peoples ever again to go through the miseries and terrors of war. Freed from the manacles of a never-ending slavery, it is probable that the Teutons would gladly devote their wonderful industrial energies to a speedy reparation of the devastated areas and erect such monuments of peaceful activity that would relegate all cenotaphs and other war memorials to the museums of barbarism.

VIII

VOLUNTARY EDUCATION

IT is not alone the entire material resources of mankind that are at the mercy of the State. The intellectual resources of humanity share the same fate. They also are under the iron heel of an institution whose primary business has at all times, and from its very origin, been to make war. Everywhere the whole structure of society has been adapted to this end. No real deliverance from the God of War is possible before this structure is radically changed. But it involves a double effort. To rely entirely upon a change in the educational system is not sufficient. People who hold this view forget that when the young leave the schoolrooms they are still influenced by the conditions that surround them, and there is ample evidence to prove that the conditions of real life are far stronger than the theoretical teachings.

Yet no one will dispute the necessity for freeing the minds of the young from the pernicious influences of the past. They cling particularly to all educational

Towards a New Social Order

institutions that are dependent upon the State and must always do so, because the latter cannot very well support institutions that do not teach respect for the existing order which constitutes the fundamental basis for all State authority.

There are other reasons for thinking that the abolition of State interference with education will be the hardest fight of all. Nevertheless, they must be honestly faced if the struggle for freedom shall end with a victory for the individual against the institutions that make him a slave of the collectivity. This victory will not be won if one gives the devil one finger's end and leaves the State, whose only function should be the protection of individual liberty, any right to exert its influence upon matters that have nothing whatever to do with the exercise of this function. That is the case with education.

Personal liberty without liberty in educational matters is no liberty at all. Those who hold other views have axes of their own to grind. They belong either to those who desire their own opinions and fads to prevail, or to the teaching profession that naturally is averse to anything which appears to menace their means of livelihood. But why should any attention be paid to what the latter have to say in respect to education? Why should the teachers be supposed to be more unselfish than the officers of the Household Cavalry? Surely nobody in his senses would ask

Voluntary Education

the latter whether the Life and Horse Guards should be disbanded or not ?

Those who still revere the teaching profession as a whole might well be asked to consider the evident results of the educational system, of which the peoples of Europe have boasted in an ever-increasing degree during the last two or three generations. What has it accomplished ? Did it teach the future electors to think for themselves ? Did it enable them to withstand the snares and lures of those politicians and journalists who made the World War unavoidable by preaching the doctrines which led up to the situation at the end of July 1914 ? Did it not instead directly prepare the peoples of the world for that narrow nationalism which made them choose and applaud the very men who led them to the slaughter-bench ?

If the old saying be true, that nations get the Government and the Press which they deserve, the latter reading of the influence of the existing educational system is the right one. But in any case, there is no third explanation for the evident failure of this system.

Neither could the results have been more appalling than they are, be it that one looks to the attitude of mind displayed either by the masses or the leaders in all the State-educated countries of the world before, during and after the war.

Towards a New Social Order

The assumed innocence of the existing system of education is due to its apparent innocuity. But it should not be forgotten that the direct and sudden use of force is never so full of persistent consequences as the employment of forces that work indirectly and slowly. Against the open use of Might, revolt takes place as soon as a certain limit is transgressed, while the great majority of mankind does not pay any attention to the working of indirect and hidden forces. In this respect the educational system supported by the State occupies a particularly dangerous position. It constitutes the most powerful agent of State tyranny, owing to the fact that its activities are clothed in such virtuous garbs that the great mass of the people, who are strenuously endeavouring to make both ends meet, has not even time to suspect the rôle of Judas which this system, generation after generation, plays in the suppression of Truth, Justice, and Liberty..

This Trinity must always be absent in a system where the teachers take their bread from political masters, who primarily are bound to require the teaching of respect for existing institutions, be these masters Conservatives or Socialists. In addition, the immense growth of public officialdom has so enlarged the danger of nepotism on the part of the political office-holders, that it has become necessary to base the whole system of education on an almost un-

Voluntary Education

believable network of examinations, the passing of which is meant to safeguard the joint bureaucratic machinery against undesirable recruits, and even to regulate promotions.

This alone should be enough to ensure a death warrant for the existing educational system. The sterilizing, mechanizing influence of examinations has created the worst and most dangerous of all proletariats, the black-coated scribes, whose work in the public departments, in the editorial offices of the newspapers, in literature and for the film world, has had such terrible results, that a salvaging of civilization scarcely seems possible except by following the method indicated by the Dowager Empress Tsutzi a dozen years ago! When the old lady in the Winter Palace was finally obliged to contemplate a reform of China's administration, two decrees were promulgated. The first commanded the execution of all officials who had been in the service of the State for more than five years. The second decree enjoined the burning of all reports of their doings with the object of making it impossible for the new officials to act according to precedents!

But, as a matter of fact, a wholehearted recognition of the urgent necessity for transforming the State from a destructor to a protector of individual liberty, does not require a strict adherence to the Empress of China's wise decrees. The severe reduction of

Towards a New Social Order

the functions of the State diminishes the number of officials to a small fraction of what it now is, and the introduction of an adequate political organization, to be described later, will do away with all necessity for guarding against nepotism. Consequently there will be a very restricted need for examinations. Education can at last be delivered from the obsession that its main object is to fill the minds of the pupils with facts that the teachers believe to be true, but which most of the former forget directly the examinations are over, because they have no use for them in real life, which, as often as not, teaches them that these facts are false and based on mere prejudices.

A real education, viz. an education which does not suppress the inherent human faculties of observation, co-ordination and synthesis, can never be organized by schedule. It has to be individual and local. Real education cannot therefore be given by the State whose first duty must be not to discriminate in any way between those whose common desire for liberty (and security) it has to safeguard. On the other hand, the justified reciprocal claims of the citizens in the matter of education are very limited. They have in this respect only one common interest, and that is that all children acquire so much of the art of reading, writing and counting as is required for the understanding of those police regulations

Voluntary Education

which are necessary for the enforcing of the primary civic duties: not to interfere with others, and to keep contracts, voluntarily concluded.

The acquisition of such knowledge before a certain age has been reached is certainly in the interests of all. It should therefore undoubtedly be ascertained by the public authorities. But the giving of the instruction in the elements of reading, writing and counting should be left to the parents. They must in every way assume the fullest responsibility towards their fellow-beings for the doings of the offspring that they voluntarily bring into life. Here, as in everything else, liberty without responsibility is apt to be harmful. The fact that some parents are unmindful of their responsibility does not in the least alter this conclusion. It is impossible to eliminate all risks from life. A community which simply intervenes when parents neglect their children, and then first attempts to force these parents to carry out their duties before it takes care of the neglected children, will in the long run be far better off than when every child, and therefore every future parent, is itself brought up in circumstances that openly convey the idea that the State has freed all parents from responsibility in the matter of education.

The disastrous idea of substituting State responsibility for parental responsibility is, of course, the natural outcome of a social order based on war and

Towards a New Social Order

privilege. Then indiscriminate propagation is desirable, and responsible birth control must at all costs be prohibited. The State needs as many soldiers as possible, Industry desires a reserve army of cheap labour, and why should it hesitate to call in organized Religion to help it to foster indiscriminate propagation? A Church which, as Sir James Fraser has shown, has been willing to invent the *jus primæ noctis* as a source of income would of course willingly lend its assistance against anything that would lessen both the total amount of baptismal fees and the occasions for its interference in the life of the people.

At present, the very injustice of the existing social order makes it impossible for the majority of parents to provide the necessary means for the education of their children. Those who, thanks to the existence of the privileges, have obtained too much of the produced wealth must be mulcted to allay the spirit of revolt. The educational dole is a necessity, and it has to be clothed in all sorts of fancy garments in order not to be detected as such.

But when all privileges are abolished and every adult being obtains and keeps the full fruits of his labour, the enforcement of full parental responsibility in the matter of the maintenance of the children is possible. It will prove a mighty incitement to the parents' natural desire to provide that sort of education for their children that will enable the latter

Voluntary Education

to stand on their own feet. Early vocational training adapted to local conditions will then replace that general education which has ruined the world and always must do so, because being general it has to be enforced from without instead of growing from within, round a kernel of ever-widening necessities.

How this vocational training shall be given, neither can nor ought to be the object of legislation. It belongs entirely to the sphere of private enterprise, which, if left to itself, very soon will find the best means of attaining perfection for each separate branch of vocational training, adapting it not merely to the ends of each profession, but also to the human beings who are likely to choose them as their means of livelihood. Education will then be adapted to the growth of as many independent and variegated ideas as possible, and not serve as a preparatory course in political idolatry.

The teaching of the primary educational elements, reading, writing and counting, does not properly belong to schools at all. These elemental instruments of learning can, as Madame Montessori has abundantly shown, be acquired during the first ten years of life, when play is the only occupation that really corresponds to the intellectual development of the child. These elements should therefore be acquired in the kindergartens, to which even the poorest of mothers can send their little ones without

Towards a New Social Order

the slightest pecuniary sacrifice, when each child gets its annual dividend out of the common income.

The essence of the new order, where Right is the schoolmaster of Might, is, as cannot be repeated too often, liberty and responsibility. There can be no better way of awakening the dulled sense of the latter, which is the real cause of all that want of character that everybody complains of nowadays, than the freeing of education from all outside interference. Then the teachers do not need to kowtow to existing institutions. They will not look for inspiration to the time-honoured past and its so-called great men, whose real measure will then be better taken than it is, particularly by those who maintain that the present is but a product of the past.

Teachers of thoroughly independent educational establishments, voluntarily elected either by the pupils themselves or by their parents, will follow the spirit of the time, the making of which is in the hands of the living alone, and surely could not be called a spirit at all, if it did not involve changes. The greater these have been at any given epoch of history, the greater this epoch seems to the pigmies of the present, whose main cry nevertheless is to be true to ancestral wisdom, to go slowly, and preferably not to change anything at all except in the direction of strengthening existing authority. What a contradiction! What a humbug!

IX

PUBLIC EXPENDITURE

THE protection of individual liberty requires primarily the upkeep of a police force sufficient to prevent any interference with it. But as this force should be the only armed force within the State, it ought to receive a military organization, which renders it capable to suppress any rioting. On the other hand, it must not be so large that it could become a pretorian danger to the citizens. With the whole social structure divested of all privileges and a fair chance for all to compete under equal conditions, it would seem that these requirements could everywhere be met through the maintenance of a constabulary amounting to a $\frac{1}{4}$ per cent. of the total population. This would give Great Britain and Ireland a constabulary of 117,500 officers and men.

The universal acceptance of this proportion would make it easy for the World Court to control that no State made any warlike preparations, on condition that the annual quota of recruits would also be fixed, say, at 4 per cent. of the whole strength.

The functions which the constabulary has to fulfil

Towards a New Social Order

make it imperative that only the very best men be enlisted, and that the corps of officers be chosen from the ranks of the real aristocracy, the aristocracy of manners. Serving in the Guards of Liberty would indeed be a fitting career for the scions of many a noble family, who now contributes to its destruction by adorning institutions that poison the character of the whole people through the upkeep of both overt and disguised snobbery.

Spread over the whole countryside in the manner of the French gendarmerie, this constabulary can easily serve as a substitute for many minor officials.

It would take over the duties of the registration officers and distribute the annual dividends from the common income to the citizens. In the cities it would also perform the service of the fire brigades. The recruiting establishments would act as reserve forces in the case of riots and disturbances.

On the judiciary organization it is not necessary to spend many words. A special detective service must of course be at the disposal of the Courts, while the Justices of the Peace would have to take over functions that are more of an administrative character, as for instance the protection of neglected children, etc. On the whole, however, the functions of the judiciary will be very much curtailed, there being no taxes or rates to collect. Yet public expenditure on the judiciary would be greater than it is to-day.

Public Expenditure

Salaried barristers and solicitors should be attached to all tribunals. Then no individual need ever be deterred from seeking the retrieval of any injustice on account of the costs involved, which always is detrimental to the moral sense of the community. To diminish the costs of all judicial proceedings the law must, however, be codified, and as the sphere of private lawyers will be very limited, there will scarcely be any great objections raised against this proposal.

Furthermore, the idea of punishment must be abandoned and substituted by the exaction of equivalent compensation for all crimes and offences. Those who cannot immediately pay such compensation should be condemned to detention in work-houses, organized on a paying basis so as to cover not only the cost of the detention, but also allowing for the accumulation of a surplus to be employed for the payment of the compensation due to the persons wronged by the detained. The better the latter works, the sooner their day of liberation will arrive, whereas those who do refuse to work must be left to their fate. Nobody has the right to consume more than he produces, which is simply to live by stealing. In a society which really maintains equal opportunities for all, and consequently absolute political liberty prevails, there is no reason whatever to bother about those who prefer to endanger their

Towards a New Social Order

own lives by going on hunger strike, instead of endeavouring to right the wrongs that they have committed. To exercise pity in such cases with the means of the community is to rob the innocent. Pity on the part of any public authority must be reserved for such wrongdoers who, after a prolonged detention and exemplary conduct, are still unable to pay full compensation for the crimes they have committed. This system necessitates, of course, a very spartan fare for the inmates of the workhouses. But it must on no account be allowed to result in cruelty. Sex must have its due, man is a functional being. It is harmful to treat him worse than the animals in the Zoological Gardens. Special care must be taken in the choice of the staff and of the warders of such workhouses, and it is highly important that the detained leave them with kindlier feelings for their fellow-men than they possessed before entering their doors. To deal with all crimes and offences in this manner would do away with the necessity for pronouncing sentences for a fixed period of detention, as the vast majority of really dangerous individuals would have to be detained very long in order to be able to earn the required compensation. To impose a certain period of detention for the purpose of protecting the community from dangerous outlaws would only be necessary in those few cases where the criminal

Public Expenditure

possesses ample means for making good the damage done.

Feeble-minded and derelicts should also be taken into workhouses, if this be the only means whereby they can be made to support themselves. To let them run loose and live by preying upon the natural charity of their fellow-beings is as indefensible as to take care of them by means taken from the community.

Any curtailment of the common income for purposes that are not of equal concern to all citizens is unjustifiable. Only those who through no fault of their own are unable to support themselves, even under the supervision of workhouses, can therefore be supported from the public purse. To this category belong the constitutional Invalids, Insane, Blind, Deaf and Dumb, as well as those orphans and neglected children for whose maintenance and upbringing it is impossible to get the required means from the parents. The money taken for such purposes from the common income of the citizens may indeed be considered as a kind of obligatory insurance premium against the accidents of propagation.

In the matter of sanitation, public interference must be limited to the prevention of such actions as would endanger the health of others. But it is difficult to understand why only contagious diseases of men and animals, obnoxious fumes and

Towards a New Social Order

noises, etc., should fall under this heading. Why should not also advertisements, the assault of which the passer-by cannot escape because he cannot use the highways with shut eyes, be included? Are nostrils and ears more sensitive than the latter? In any case, the plea of health is more easily capable of unarbitrary justification than the plea of beauty, and is not the latter itself ruthlessly sacrificed by that of rapid motion that makes modern cities so uncannily ugly with their absolutely straight, right-angled streets, which one would think would be less necessary to-day than ever, as the speed of the means of locomotion has so vastly increased.

As for the presumed economic necessity of advertisements, it is an obvious fallacy. A person who only produces what he himself consumes does not need any advertisements. Those who do display them desire to attract consumers to some new and unknown article. The advertisers, therefore, voluntarily interfere with established habits. There exists no common interest in the encouragement of this procedure. On the contrary, the cost of the advertisements will always be paid by the consumers. As things are, there can be no doubt that advertisements have not only enormously increased the ugliness of modern cities, but also materially increased the cost of living for everybody, and that all persons engaged in the advertising business are just as

Public Expenditure

much sycophants on production as the national or municipal bureaucracy.

Apart from sanitation, as previously defined, it is not the business of public authorities to look after the health of the citizens.

These authorities have no claims to raise on their own behalf. Their only function is to safeguard the mutual claims of those for the benefit of whom they are maintained.

The presumed connection between the State and the health of its citizens is clearly due to military necessities, which make it desirable to keep the population up to a certain physical standard, etc., needed for the defence of the country against external aggression, and to the impossibility of the great masses of the population impoverished by privileges and taxation to do this by their own efforts. But in the new order the military necessities of yore disappear. Everybody is assured of getting the full fruits of his labour. There are no privileges, no taxation to curtail them.

Hospitals and other medical care should be supplied by the citizens themselves ; not to leave this obligation to the individuals would diminish their sense of personal responsibility. It would sooner or later lead back to the tottering edifice of public mollycoddling, the total collapse of which no palliatives can prevent.

Towards a New Social Order

The only satisfactory way of solving the problem of health is to cease to support the hospitals by charity and to transform them into insurance institutions, each hospital being allowed to offer their special terms. Competition would soon compel the hospitals to make these terms suitable to all classes of the population, while the abolition of all taxation and privileges would enable everyone to provide for the necessary insurance premiums. The insurance should include not only all sorts of hospital and clinical treatment, but also provision for invalidity arising out of sickness and accidents. In this way the medical profession would have the greatest inducement of all, its own personal pecuniary interest, to make every stage of the treatment as efficient as possible. The general practitioners attached to the hospitals would concentrate their endeavours upon keeping the insured in such good health that they would not need to come into the hospitals, and when once there, the cure would be made as perfect as possible. In other words, everybody would pay the doctors the insurance fee for the purpose of being kept healthy.

To prevent the building up of any medical trust, the State should defray the costs of medical instruction. This would not only supply the personnel required for establishing new competitors to already existing hospitals, but also the experts necessary for

Public Expenditure

the exercise of the sanitary control, which rightly belongs to the public authorities as protectors of individual liberty.

The money now spent in charitable donations to the hospitals would in future be available for other purposes, and perhaps it is not too bold to presume that it would form the main source for the encouragement of art and science, with which the State, built on Right, can have no justification whatever to interfere, quite apart from the fact that no political authority can ever be competent to do so save in circumstances so hazardous as not to afford the slightest reason for legislation. The connection between these pursuits and the State is simply another proof of the obstinacy with which the kingly traditions of old are kept up, the real reason of course being the tendency of all existing officials to keep up their jobs and, if possible, to increase them, no matter what it costs the taxpayer, who easily forgets that ten times £100,000 makes a million.

The only treasures which should be maintained out of the common income are the natural resources. The coasts must be protected against erosion, the rivers against sand-drifts, the fields and meadows against floods. Fisheries have to be taken care of, the cutting down of forests that would cause climatic disturbances must be prevented, birds useful for agriculture should be conserved, etc.

Towards a New Social Order

Furthermore, a net of public highways with their bridges and culverts must be maintained, so as to allow for the circulation between all the plots of ground to which the exclusive use is given to those who pay the economic rent. In townships and cities, roads and streets must be lighted and cleaned. Parks and market-places are needed. Sewage and fire engines, etc., must be provided for. To do all this, a certain sum per head of population should be set aside and paid over to the parishes, boroughs or other local bodies, it being left to the inhabitants themselves to decide in what way the total amount obtained should be spent, on condition that certain main arteries of communication be adequately kept up.

All other public services, the use of which can be measured, should, however, be handed over to private management. It alone is capable of uniting economy with efficiency, whereas public administration will always be subject to political influences, calculated to catch votes and wastefully managed. Public officials do not incur any personal responsibility. Deficits arising out of their maladministration can easily be covered out of the public purse, be it by grants in aid taken from taxes, or by the contracting of public loans.

The retention of such services, either by national or local administrative bodies, is another proof of

Public Expenditure

the baneful influence of tradition. Its origin is really due to military necessities which make it desirable that all means of communication and transportation should be in the hands of the State, so as to ensure safety and rapidity in the case of rebellion or war, which demands both quick information and brisk transport of troops.

Without much thought, other so-called public utilities were added to the publically owned and managed services, under the plausible plea that the State and the local authorities should prevent the mulcting of the consumer. What has happened during the last decade has, however, opened his eyes. The shameless exploitation of the consumers by the ever-increasing wage demands, put forward by the personnel of these vast undertakings, whose smooth functioning was not only necessary for the conduct of the war, but is of steadily growing importance to the daily life of all citizens, has reached unbearable proportions. The spirit of trades unions and their ca' canny policy has permeated the numerous personnel of the public utilities, and they have in all countries been able to hold a pistol at the Governments who have everywhere been forced to grant their extravagant demands. These again necessitated the bleeding of the taxpayer, thus producing one of the main causes of unemployment. Yet labour stands as one man behind the personnel who proudly style

Towards a New Social Order

themselves public servants, while the service given by them becomes more and more of a public scandal. No one seems to understand that if one part of the population obtains unwarranted remuneration for their services, others are bound not to get their due. The Labour leaders apparently still believe that there is some mysterious clump of gold from which it is possible to create wealth at pleasure!

The only remedy for all these evils is the handing over of every one of the so-called public utilities, such as railways, post offices, telegraphs, telephones, tramways, water, gas and electricity works, etc., to competing private enterprise. But even where the elements of competition are absent, it is possible adequately to safeguard the interests of the consumers. Such undertakings all require rights of way, to obtain which they need the intervention of the public authorities. As compensation, the latter can fix the conditions on which the required concessions are granted in such a manner that the interests of the community are perfectly safeguarded. The price to be paid for each kind of service can be explicitly stipulated in the concessions, and in such a way that the returns obtained in any such undertaking correspond to the exact costs of the services, these costs to include the payment of wages equivalent to those paid for similar labour in other lines of work and the current rate of interest elsewhere

Public Expenditure

obtained by capital, as well as the expenditure required for the public control of the concessions. When there is no longer any possibility of sinking available capital in public loans, there will be no danger that such undertakings as really would pay would be left undone, either for want of capital or enterprise. Neither is there any reason why the concessions in question should be subjected to revision from time to time, so that any lowering of the tariffs that new inventions may make possible might be obtained or any alteration in the services which the public may demand might be enforced. All profits accruing to the undertakings between these revisions must, as a matter of course, remain their own, so that they set a strong inducement to manage their business as economically as possible.

The handing over to private enterprise of the public utilities furnishes an excellent opportunity of putting Labour's capacity to get along without the intervention of the much-abused Capitalist to the test. But it should be understood that the only justification with which the community has to occupy itself is that this aspect of the matter springs from the undeniable fact that Capital has hitherto enjoyed privileges which, however much the Trade Union movement has endeavoured to outdo them, still have given Capital advantages that are contrary to justice. In order to right the

Towards a New Social Order

injustice done to Labour, the personnel of the public utilities might well be given the choice of constituting co-operative jointly responsible societies who would take them over, either wholly or partly, against the issue of debentures, slightly under the real capital value of the undertakings. These debentures should be given over to the State as payment and employed for meeting the obligations incurred from the present misrule, pensions, etc., as already mentioned.

Some public services, as for instance pilotage, lighthouses, navigation schools, meteorological institutions, technical schools and colleges, patent offices, veterinary services, etc., should in future be entirely supported by those particular citizens who derive direct economic advantages from their existence, while the nautical and hydrographic surveys can be left to the Police Fleet of the World Court, and Colonies, Protectorates, etc., whose population has not yet reached such a state of civilization as to afford adequate guarantees that they unaided could maintain the fundamental principles here outlined, must yet for a time be kept under alien supervision. But its costs ought and would be easily covered from the economic rent levied in these countries.

Besides the maintenance of the Council of State to be described in the next chapter, there are therefore

Public Expenditure

no remaining items to be defrayed out of the common income, save the cost of the collection and distribution of the economic rent, including the keeping of the cadastre and the Ordnance Survey, and of a Comptroller-General Department for the careful scrutiny of the expenditure of all public departments.

The cost of the State bank, through which all public salaries, etc., can be paid, might very well be defrayed by the income from such estates which through the absence of any duly registered wills become the property of the community, while police fines imposed for disorderly behaviour and other minor offences will certainly cover the expenditure incurred for the custody of remanded individuals, etc.

According to detailed estimates made for Denmark, which have been subjected to public scrutiny during the last two years, the whole amount of justified public expenditure for Great Britain and Ireland with a population of 47,000,000 would be less than one-third of the total annual common income from the economic rent and from the issuing of currency. It would approximately be divided as seen in the table on page 114.

The total annual income being £212,000,000 in gold, there would be a surplus of £142,000,000, allowing the distribution of an annual dividend of £3 1s. to each man, woman or child, equivalent in purchasing power to £5 13s. at present.

Towards a New Social Order

The dividends accruing to children under eighteen years of age, and collected by the parents, or in all about £51,000,000 in gold, equal in purchasing power to some 95,625,000 of present money, would suffice to cover the cost of education until the present schools can be replaced by private vocational

Public Expenditure.	In Gold.	Present Purchasing Value.
	£	£
Constabulary	18,000,000	34,200,000
Judiciary	7,000,000	13,300,000
Constitutional invalids	4,000,000	7,600,000
Insane	4,500,000	8,550,000
Blind, deaf and dumb	3,500,000	6,750,000
Destitute orphans and neglected children	4,000,000	7,600,000
Sanitary control	4,000,000	7,600,000
Protection of natural resources ..	1,500,000	2,850,000
Collection and distribution of rent	1,500,000	2,850,000
Roads, etc.	20,000,000	38,000,000
Comptroller-General's Department ..	150,000	270,000
World Court	690,000	1,310,000
Council of State with library and archives	160,000	300,000
Total public expenditure ..	69,000,000	131,000,000

training institutions entirely independent of public control. But as this cannot be done in a hurry, the existing teachers do not need to have any personal anxiety.

The employment of the dividends accruing to the adults is of no public concern. But it is worth while to point out that any boy or girl who from the age of eighteen devotes the annual dividend

Public Expenditure

to the securing of an old-age pension, would be able to obtain such a pension of not less than £48, equivalent to £90 in present money, when reaching sixty-five years of age.

But until the principal countries of the world have adopted the principles of the new Statecraft, it would unfortunately be necessary not to pay out any dividends to those who are above eighteen years of age.

The possible menace proffered by other States, who insist on behaving as Sovereign Powers, which expression is the only honest term used in politics, must be that armaments as well as a diplomatic service will have to be maintained until they come into line with the new order. How long this will take it is impossible to foretell. Vested interests allied to the stupidity of the idealogues who refuse to acknowledge the failure of the preaching of altruism constitute a powerful force. But the very extent of their mistakes threatens the whole of mankind with an economic and moral collapse unparalleled in history. Drastic changes will therefore before long appeal to an increasing number of people in all countries.

The unfolding of a standard of clear vision in any country is in these circumstances bound to make its influence felt everywhere, particularly if the great change is not confined to words only, but transmuted into definite actions that can neither

Towards a New Social Order

be misunderstood nor disregarded. The replacement of Might by Right in the United Kingdom according to the ideas developed in these pages cannot fail in this respect. They are bound to herald the birth of a new era with the rapidity of lightning. The natural resources of the British Isles will at once be put to their best possible use. Unemployment and poverty will quickly disappear. Capital from all parts of the globe will seek that haven where it is tax-free. No other country will be able to withstand the example given. All guns will everywhere have to be turned into sowing and reaping machines.

In the meantime, however, measures of defence have to be maintained. For this purpose the annual dividends due to the citizens above eighteen years of age must temporarily be detained by the public Exchequer. They amount to some £92,000,000 a year. To them can be added about £8,000,000 that may be saved on the constabulary as long as an army is kept up. These £100,000,000 are equal in purchasing power to £187,500,000 in present money, of which a little more than half would well cover the cost of the Army, the Navy and the Air Force, that the Geddes Committee deems sufficient, provided their administration is taken out of the hands of the members of the service clubs who apply, without the slightest qualms, the organization standards of the Iron Duke to the age of steel, and the number,

Public Expenditure

the rank and the pay of the officers in all three services are adjusted to the practices followed in all other European countries. The remainder, or the equivalent of nearly £90,000,000 in present values, would go towards the payment of that portion of the war pensions that cannot be met out of the special fund created by the sale of superfluous public property, before complete disarmament takes place. Only afterwards will it be possible to distribute the annual dividends to the adults. Then, indeed, all warlike stores and establishments can also be put up for sale, and this fund attain such a figure as to suffice entirely for meeting all pension and insurance obligations that have arisen from the misgovernment of the past.

In the transition period the £690,000 that the United Kingdom would ultimately have to contribute to the World Court and its Police Fleet would also be available. This sum, the present purchasing power of which amounts to £1,310,000, would be sufficient to defray the cost of the temporary maintenance of the diplomatic service, which is required until the conditions that make the institution of the World Court possible have been realized.

No consideration for the safety of the British peoples need therefore detain the proposed replacement of the old artificial anarchy by the new and natural order one single day.

THE POLITICAL ORGANIZATION

ENOUGH has already been said to prove that the great change from Might to Right would be a paying proposition for the vast majority of mankind. There would be no other losers than those individuals who by hook or by crook endeavour to get hold of values with the creation of which they have had nothing to do. These miscreants belong to four distinct categories. The first consists of financiers and speculators. They are only able to exercise their malpractices thanks to the privileges which a faulty legislation grants to them. The second consists of those who live on doles obtained from what is called the public purse, but which none the less is filled by the taxpayers' money. This category can only bleed the thrifty and the diligent, thanks to the mistaken idea that the majority has a right to impose taxation. The third consists of the bureaucracies of the State and municipalities, supported by a huge swarm of lawyers, who by their meddling in the affairs of the ordinary citizens make it extremely difficult for the latter to make both ends meet. The

The Political Organization

fourth category is the most dangerous and mischievous of the parasitic classes. It consists of those fools who under the name of politicians and statesmen appear so useful because they pretend to work for the common good, and by attempting this inherently impossible task have not only gained respect, titles and emoluments, but also have brought the world to its present impasse.

To say that the political leaders only have led as their followers wanted them to do, and that therefore no judgment should be passed upon them, is to put the cart in front of the horse. It is indeed impossible to deny that the men who created the situation which made the war unavoidable—as the writer pointed out in several countries, years before it took place—or had any part in the so-called peace negotiations, could have ever obtained their positions except by talking down to the intellectual and moral level of those whose votes they desired to catch. But it is equally irrefutable that if the occupants of the front benches, or what corresponds to them in any parliament of the world, did openly acknowledge the futility of the economic and political doctrines that they preach, remembering that there is joy in Heaven over the repentance of every sinner, this would have a tremendous influence on public opinion, and eventually pave the way to political and economic sanity. The real responsibility, therefore, for the existing chaos rests with the political leaders

Towards a New Social Order

of both Europe and America, while those of Asia can plead extenuating circumstances. They have only acted in self-defence in the legitimate endeavour to withstand the encroachments of the white races. The leaders of the latter might perhaps advance their stupidity as an excuse for their misdeeds. But why should this excuse be more valid in their case than it is when ordinary criminals are brought to book? In any case, the political leaders can never receive any punishment which would be adequate to their heinous crime. Besides, the new order will once and for all finish with the mere idea of punishment, and any possible payment of compensation for the misery and sufferings which they have brought on mankind would be but as a drop of water in the ocean.

Mankind must therefore be content with preventing these people from ever again being able to play their dangerous tricks. But it would be bad business to confine them to the workhouses mentioned in the preceding chapter. The cost of upkeep would be an unnecessary burden on the community, as the real means of livelihood over which the political leaders hold sway are the slippery tongues that make promises which never can be kept—and which, it may be added, none of them ever would want to keep, because their fulfilment would make them superfluous.

In the new State political leaders have no place.

The Political Organization

There is no possible room for their activities. When the State has no longer any power over either the material or the intellectual resources of mankind, politics will merge into ethics. The men whom the citizens will entrust with the functions of the State will be chosen amongst their ethical leaders. The only business of Statecraft will be to deepen and widen the conception of individual liberty and the rights of personality, for which purpose a rigorous enforcement of the sanctity of contracts and very severe laws against libel and slander are necessary. It is not the man who enters the bedroom of a woman who spoils her reputation, but those who tell about it.

To keep ethics in the forefront of political life, that is to say, to assure them a place among the considerations on which the intervention of public authorities is based, it is evidently necessary that each ethical unit, the adult individual, should possess equal influence both on the legislative and executive authorities. Otherwise ethics must remain the mere sham they are to-day. But inasmuch as it is totally impossible to contemplate a return to the small city States of Greece, where the entire community could take part in the deliberations of the legislative and maintain a daily control of the executive, another means of securing this influence must be found.

This is not so difficult as it at first sight must

Towards a New Social Order

appear to those who are accustomed to think only on traditional lines. In the New State there can be no opposition between class and class. Neither can there be any conflicting local interests. The money that may be spent for public purposes out of the common income will practically be equally distributed all over the country, the whole population having almost the same needs of courts, police protection, sanitation, etc., everywhere. As there is no taxation, life in the urban districts will be as cheap as in the rural. The slight increase in food prices that may take place in the former on account of the costs of transportation will be offset by a corresponding increase in the price of manufactured articles in the latter, owing to a smaller turnover. House rents will be identical for the majority of the population that does not need to live in the centre of the towns, where the economic rent per square yard is very high.

The whole territory of the State can therefore form one single constituency where each elector gives his vote to whomsoever he deems most fit to represent his views.

There will then be no possibility for "nursing" the constituency by cricket or football club subscriptions, charity bazaars, or other forms of snobbish insinuation. All forms of political corruption will be gone.

But as the chosen representatives of the people henceforth should take part in the decisions which

The Political Organization

they are called upon to make with the exact number of votes that they have themselves obtained at the elections, each elector will always exert that influence on the public administration which is due to him.

With such an organization of the suffrage that involves, as it were, a constant referendum and an annual recall, there is no need whatever to keep up a separate executive. The fallacies of Montesquieu, that have their roots in the impossibility of the minds of his time to get away from the time-honoured axiom that there for ever should be a distinction between those who govern and those who are governed, can be buried on the dusty shelves of human obtuseness. The legislative assembly can be made so small that it can itself also perform the duties of the executive. It ought to be named the Council of State. But though neither secrecy nor particularly swift decisions will ever be required, it should not be larger than is necessary for obtaining a representation of all important differences of opinion amongst the electorate. For this purpose a membership of twenty-five seems sufficient when it is remembered that all need for speeches to the galleries and any logrolling behind the scenes disappear with the suppression of all the interference of the State with economics and the abolition of all taxation.

All the meetings of the Council of State should indeed be public. A short official minute of the discussions and an exact replica of its decisions

Towards a New Social Order

containing the names of the councillors who have voted for or against them must be published. But it would be a great waste to continue the edition of *Hansard*. It would be inconsistent with the fundamental principle that the personal responsibility of the citizens should never be allowed to lapse. This demands, on the contrary, that the latter themselves supervise the doings and the utterances of their own representatives by insisting that the newspapers which they support follow the sessions of the Council of State and publish full reports of the speeches that particularly interest the subscribers. As there is no possibility for the councillors to obtain any economic advantages out of their decisions, no corruption of the Press needs to be feared on this account, while it will be glad to be in a position to fill the space of its columns left empty through the disappearance of political diatribes and of the necessity for colouring news.

The emoluments and the status of all members of this Council of State ought to be equal. No distinction should be made between them, whether they represent a large or a relatively small number of electors. A State built on the principle of Right cannot kowtow to human vanity. It should neither distribute titles nor confer decorations. There is no need either for party funds or for the slightest representative outlay, the cost of which always means a robbery of the poor. The honour, the dignity and

The Political Organization

the prestige of such a State depends entirely upon the degree in which its citizens mutually uphold these between themselves. The sham of collectivity disappears before the only human reality—the individual. No gilded coatings of a few will cover the rags of the many. It is quite sufficient that the members of the Council of State be called together by a chairman elected by themselves.

The Council should be annually renewed by an election at the end of each year. This is open to no objection when the outcome in no way affects the economic life, but mainly concerns ethical questions. Two polls would have to be taken. The fifty individuals who obtain the greatest number of votes at the first would become candidates for the second poll, and the twenty-five who get the greatest number of votes at this would compose the Council of State for the following year. But all electors who have given their votes to non-elected candidates must have the right to transfer their votes to any one of the elected members, so that no citizen shall be debarred from making his will felt in the Council of State.

In this manner the organization of political parties is prevented. The members of the Council can never exactly know from whom they have obtained their votes. But they know that if they betray the confidence which their electors have shown in them, they will unavoidably either lose their membership

Towards a New Social Order

of the Council at the next election, or the influence that they can exercise on its decisions through their own votes will be correspondingly diminished.

The Council of State should determine and promulgate all laws that are required for the protection of individual liberty. It should also fix what part of the common income must be set aside for covering the necessary public expenditure. Furthermore, it would appoint all officials except the judges of the Supreme Court.

These should be elected by the joint vote of the sitting judges of the Supreme Court itself and of the Courts of Appeal, and of the professors of the amalgamated faculties of ethics and jurisprudence. Thus the independence of the Supreme Court can be sufficiently safeguarded so as to make it possible for any citizen to raise an appeal against any decision or law promulgated by the Council of State that he deems to be inconsistent with the avowed object of the State. Should the Supreme Court find that this be the case, such decision or law ought to be invalid until renewed by the next Council of State.

The Council as a whole should control all public departments, dividing the detailed supervision of all public services between its members, while the permanent heads of the departments should alone be responsible for the work of administration.

Thus the membership of the Council of State offers no political career to anybody in the sense

The Political Organization

that this is understood at present. The men and women whom the electorate will choose will rather be persons who in other fields have displayed such insight and character that the citizens have other reasons than high-sounding oratory to select them as guardians of their liberty.

Personal ambition and ruthless energy will have to turn to the work of production. Politics will no longer offer a well-paid career to those who thirst after power or fame. The ugly statues of the men who have regarded their fellow-beings as mere pawns in the bloody and dishonourable game for their own aggrandizement and for the securing of privileges for their descendants will no longer deface the public squares or make sincerity blush with shame. Free co-operative societies managed by real experts will take over the work that vainglorious Cabinets, incompetent parliaments and narrow-minded local bodies always ruin because the money that they have to spend does not come out of their own pockets, and they are primarily bound to look at everything with one eye to the electoral urn.

And last, but not least, the Press will be freed from party bias. It will become the educator of public opinion instead of being the master poisoner it has been, in an ever-increasing degree, during the century which witnessed both the first real bloom and the decay of world-wide culture. Mr. Bernard Shaw will no longer be justified in advocating

Towards a New Social Order

compulsory illiteracy as the necessary corollary to the invention of the printing-press.

Then suffrage can be given to those whose natural desire for personal liberty has not yet been stifled by middle-age considerations for respectability. A counterweight against the tyrannical tendency of senility not to change conditions so dear to the remembrances of the aged with regard to their own youth, has in fact never been so much needed as to-day. Therefore suffrage should indeed be given to all who have reached the age of eighteen. The word "adult" would then have a real meaning, especially if the education of the children of mankind followed the methods adopted by more intelligent animals and was adapted to the probabilities of the life that awaits them.

It is because the theories about life are no longer in conformity with its realities that the progress of civilization has been reversed. People have forgotten that there is no other measure for it than the degree of liberty which man obtains, and that this liberty should not only consist in obtaining immunity from diseases and other calamities springing from forces that fight with mankind, but also in securing liberty from interference on the part of one's fellow-beings. To win this the enthusiasm and fairness of youth is needed. Without it the old State cannot be overthrown.

Printed in Great Britain by

UNWIN BROTHERS, LIMITED, THE GRESHAM PRESS, LONDON AND WOKING

Right must
take place,
straight

DATE DUE

MAY 29 1971

GAYLORD

PRINTED IN U.S.A.

Try it - much better
 33-34-44

BOSTON COLLEGE



3 9031 031 10004 3

320530

SCHVAN

HX811

1922

S3

Boston College Library

Chestnut Hill 67, Mass.

Books may be kept for two weeks unless a shorter period is specified.

If you cannot find what you want, inquire at the circulation desk for assistance.

